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THE UNIVERSE

Bang goes a theory

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World News

France stays firm after rebel attacks in Corsica

The French government refused to bend to nationalist pressures in Corsica which reached a new peak with six bomb attacks by the Corsican National Liberation Front.

There was no loss of life in the near-simultaneous attacks, in which at least 70 activists must have been mobilised, but properties were seriously damaged. Page 2

Germans opt out

Three-quarters of Germans believe that their country should avoid international conflicts, according to a poll which highlights the reasons behind Bonn's low-key role in the Gulf crisis. Page 14

Somalian relief

European nations stepped up efforts to evacuate their foreign nationals trapped in the Somali capital of Mogadishu, moving aircraft and ships into the region as heavy fighting continued between rebels and government troops. Page 4

IRA suspect shot

Patrick Sheehy, one of Britain's most-wanted IRA suspects, was found dead in the Irish Republic with a bullet shot through his temple. Suicide was suspected. Page 14

Guinea reopens link

Papua New Guinea announced the resumption of medical services and communications with the island of Bougainville, where rebels have declared independence. Page 4

Strike ends in peace

Turkey's first general strike in more than 10 years, declared illegal by both the government and the courts, passed off peacefully despite fears of civil disturbances. Page 2

Lithuanian defence

Lithuania said it had stepped up defence of key buildings against possible Soviet attack and appealed for more western support. Page 2

Israel restores ties

Israel reopened a consulate in Moscow almost 24 years after the Kremlin severed diplomatic ties. Page 14

South Africa arrests

Police arrested 25 blacks who reoccupied ancestral land taken from them under South Africa's apartheid laws almost 20 years ago.

Sri Lankan ceasefire

Sri Lanka will suspend offensive operations against Tamil rebels for seven days from today. It is responding to a unilateral ceasefire declaration by Tamil separatists.

US advisers killed

Salvadorean rebels killed three US military advisers when they shot down a helicopter in the east of the country.

Albanian exodus

Communist Albania, facing an exodus to neighbouring Greece, last year issued 22,000 passports to people wanting to make the trip, the Interior Ministry said.

Poland hits at fraud

Poland has recruited "tax police" to clamp down on tax-dodging and fraud following a surge in financial operations.

Weekend FT

Tomorrow: Saddam and Bush – the destiny of two opposites shaped by an obsession with oil

Business Summary

Luxembourg steel-maker expects fall in profits

Arbed, the Luxembourg steelmaker, has warned that its profits for 1990 will be well below the record profit of 1989, hit both by the crisis in the Gulf and the slow down in the steel sector. Page 15

Markets: In Frankfurt the DAX index ending just 0.55 higher at 1,366.65 fell sharply. In New York, the Dow Jones Industrial Average was 19.80 lower at 2,590.84 by mid-session. World Stock Markets, Back Page Section II; Lex, Page 14

MATSUSHITA Electric Industrial's purchase of MCA, the US entertainments group, has sparked new controversy over Japanese investment in the US and charges of coercion and "Japanese bashing" against a Bush Administration cabinet secretary. Page 3

OLIVETTI, Italian electronics company, hopes to secure government backing for an early retirement scheme following the intervention of Carlo Donat Cattin, minister of labour, and strong lobbying by trade unions. Page 15

VIRGIN Atlantic Airways, independent UK airline, asked the Civil Aviation Authority to grant it additional rights to fly to Tokyo's Narita airport to compete against British Airways. Page 14

US federal regulators said they will insure 22 credit unions in Rhode Island out of 33 which applied for federal insurance coverage. Page 3; Lex, Page 14

NORDBANKEN, Sweden's state-controlled commercial bank, has appointed Hans Dalborg as chief executive. Page 15

SOURCE Perrier chairman Jacques Vincent expects to see product sales in the US recover to the levels attained before it withdrew its mineral water because of a health scare. Page 15

GULF International Bank, Bahrain-based international bank badly hit by Iraq's invasion of Kuwait, has begun a retrenchment. Page 4

METRONOM, a Soviet enterprise, has bought out Construction, a small western-owned company near Siedlce, Poland. Page 2

BHP, Australia's biggest company, said it had increased its stake in in ARC Titan, a Papua New Guinea steel storage and processing company, to 80 per cent. Page 17

CITICORP launched 5m French franc currency warrants which became the first currency warrants to be listed on the Paris Bourse. Page 18

US RETAILERS survived the Christmas season without any big casualties despite falling consumer spending; overall store sales were no worse than analysts had expected. Page 17

DEGUSSA, Frankfurt-based metals and chemicals group, said it had bought 7.42m shares in Pancontinental Mining from Dresdner Bank for A$16.1m, ($12.3m) increasing its stake in the Australian mining group to 14 per cent. Page 17

CHICAGO Board of Trade, the world's largest futures exchange, achieved record volume of 154.2m contracts in 1990. The total was 11.5 per cent up on the 1989 figure. Page 18

SOUZA CRUZ, Brazilian subsidiary of British American Tobacco, is to begin exporting cigarettes to the Soviet Union for the first time, in an attempt to compensate for domestic losses on cigarette sales. Page 17

CANADIAN business downturn appears to be dampening the inflationary impact of the new 7 per cent goods and services tax (GST) which took effect on January 1. Page 3

● US expects Baghdad answer by tomorrow ● Congress strongly supports initiative

Bush offers Iraq talks in Geneva

By Lionel Barber in Washington, David Buchan in Brussels and Ralph Atkins in London

PRESIDENT George Bush yesterday offered to send Mr James Baker, US secretary of state, to Geneva next week for talks with Mr Tariq Aziz, the Iraqi foreign minister, in what he called "one last attempt to go the extra mile for peace" in the Gulf.

The offer breaks the deadlock over proposed high-level talks between Washington and Baghdad just 12 days before the expiry of the United Nations deadline for Iraq to withdraw from Kuwait.

Mr Bush's offer comes amid mounting congressional and European pressure for talks with Baghdad, and effectively pre-empts a possible European diplomatic initiative at a meeting of EC foreign ministers in Luxembourg today.

Meanwhile the UK expelled more than 70 Iraqis, including eight embassy staff in London, after what the government described as "public threats" by Iraq linked to possible Gulf hostilities.

Mr Bush made his proposal – which suggests a Baker-Aziz meeting between January 7 and 9 – shortly before meeting Congressional leaders, who have expressed concern at the lack of diplomatic efforts to resolve the Gulf crisis.

Washington had previously said that it could not support holding talks with Iraq after January 3. However, Baghdad insisted that talks must take place on January 12, which the US said was too close to the UN deadline.

US officials said they expected Iraq to respond to the new offer by tomorrow. The offer was put to the Iraqi government earlier yesterday by Mr Joe Wilson, the US chargé d'affaires in Baghdad during talks he described as being held in a "very good" atmosphere.

Iraqi officials said last night they were "studying" the proposals. Iraq has indicated that it would not consider any talks worthwhile unless they constituted the opening of negotiations.

Mr Marlin Fitzwater, White House press secretary, sought to counter any impression that the new diplomatic initiative signalled a weakening of US resolve. "No negotiations, no compromise, no attempts at face-saving and no rewards for aggression," he said.

But Mr Ziad Haidar, the Iraqi ambassador to the EC, said in Brussels yesterday that there would be no sense in any mission to Iraq simply to repeat the content of UN resolutions. "We are perfectly able to read and understand them ourselves," he said. Mr Haidar was addressing the prospect of possible EC-Iraqi talks and made his remarks before Mr Bush made his new proposal.

The US offer, which follows several days of intensified diplomatic activity but little apparent movement towards peace as the UN deadline nears, was welcomed by European and Arab leaders. Mr John Major, the British prime minister, welcomed "very much indeed" the US plan, which he described as a "useful development". He appeared confident that a meeting would take place in Switzerland.

The initiative won immediate support yesterday from King Hussein of Jordan, who was on the London leg of a European tour in a renewed effort to mediate in the crisis.

King Hussein described the move as "an important step at a critical time". Speaking in Downing Street after a lunchtime meeting with Mr Major, he said the initiative was "positive news".

The US proposal has eased pressure for a separate European initiative. The Community seems more likely to follow the US line, whatever Iraq's response to Washington's proposal.

EC diplomats said in Brussels yesterday that if the proposed talks went ahead, Mr Aziz would then be invited, probably to Luxembourg, to meet the Italian, Luxembourg and Dutch foreign ministers, who represent the EC's past, current and future presidencies. But if Baghdad turned down the meeting with the US, EC diplomats forecast that virtually all Community states, even those such as France, Italy and Germany that have been pressing hardest for Europe to fill the present diplomatic void, will see any solo EC-Iraq encounter as pointless or counter-productive.

Earlier this week, Senator Robert Dole, Republican minority leader, said the American people were not ready for a war, suggesting that high-level talks with Baghdad should be seen to fail before the use of force should be contemplated.

Mr Baker's proposed meeting with Mr Aziz should take place in the middle of a new diplomatic swing through the Gulf region to consult with allies, before the January 15 deadline. He is expected to visit Egypt, Saudi Arabia, and possibly Turkey.

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George Bush (centre) briefs congressional leaders on his latest Gulf initiative yesterday

Democrat leaders refuse to support war resolution

By Peter Riddell, US Editor, in Washington

DEMOCRAT congressional leaders yesterday refused to back a resolution giving President George Bush unconditional authority to take military action against Iraq.

A 90-minute meeting at the White House between Mr Bush and congressional leaders failed to resolve differences over the need for prior congressional approval of any military action and over the timing of any resort to force.

Comments afterwards underlined the doubts of many Democrats, and some Republicans, about whether the American public is ready to go to war.

Mr Tom Foley, Democratic House Speaker, said next week's visit to the Middle East and Europe by Mr James Baker, the secretary of state, "makes it desirable that we have the results of that meeting before initiating a debate".

The proposed meeting early next week between Mr Baker and Mr Tariq Aziz, the Iraqi foreign minister, was strongly supported by congressional leaders yesterday since both Democrats and Republicans such as Senator Bob Dole, the Republican minority leader, have been urging Mr Bush to make further diplomatic efforts before going to war.

Mr Bush said it would be helpful if there was a congressional resolution that mirrored the November 29 United Nations resolution authorising the possible use of force. In the absence of such support he was not sure such a debate would be helpful.

However, Senator George Mitchell, the Democratic majority leader, said that such a blanket resolution was not possible since debate could not be limited and amendments would be offered. He also advised the president that it was doubtful if such a resolution would pass now, or if it did, it would be by a narrow margin. Various amendments have already been proposed.

Though Congress normally is in recess until the end of January, members have been told to remain available on a day-to-day basis to return on short notice should that become necessary.

Mr Mitchell said there remained broad support for the aim of removing Iraq from Kuwait and "the substantive disagreement" was about whether any use of force "should be early, or a truly last resort only after all other means (notably persisting with tight economic sanctions) have been exhausted."

He stressed that his belief was that Congress would not now, nor should, pass a resolution giving the president "unlimited authority to initiate a war at some unspecified time in the future under some unspecified circumstances entirely of his choosing."

"It is our view that the constitution requires the president to seek the prior approval of Congress for offensive military action in the Gulf now, a situation in these circumstances which would clearly be an act of war and under the constitution only the Congress can declare war. The president holds a contrary view."

Gorbachev and Soviet republics agree 1991 budget deal

By Quentin Peel in Moscow

A CRITICAL economic agreement appeared to have been reached yesterday between President Mikhail Gorbachev and the 15 Soviet republics, heading off an open confrontation over budget spending and taxation.

The deal was struck at the first meeting of Mr Gorbachev's enlarged Federation Council, bringing together the leaders of all the republics, including Mr Boris Yeltsin, the rebellious leader of the Russian federation.

Although no details of the agreement emerged last night, Mr Gorbachev said on Soviet television that the principles on which both the union government and the republics can draft their budgets had been agreed.

This suggests that the Russian government has backed down on its plan to withhold the lion's share of its taxation for the coming year, leaving the central government with less than half the cash needed to finance defence spending, communications and energy programmes.

"This is a key question, the question of our life," Mr Gorbachev said. Experts from the central government and the union republics had worked throughout the new year to thrash out a deal.

He said that a key element in the agreement was in finding a way to compensate the raw material producing regions for their lower revenues, compared with the manufacturing regions. That would mean a better deal not simply for Russia's oil and gas, but also for other key republics like Kazakhstan.

"We don't want to see an explosion of prices," said Mr Gorbachev, only two days after state-controlled raw material prices, including energy supplies, were raised by up to 130 per cent. "We found a way to help the raw material republics."

What was unclear after the meeting was exactly how far Mr Yeltsin had agreed to compromise on his battle to control Russia's tax revenues and undermine the power of the centre.

Another key question was the extent to which the most openly dissident republics, including the Baltic republics and Georgia, were prepared to go along with the agreement.

Continued on Page 14
Price reforms, Page 3

Rise in insurance costs forces Pan Am to halt Israel flights

By Richard Lapper and Paul Abrahams in London

PAN AM yesterday announced it is to suspend flights to Israel and Saudi Arabia following a 1,000 per cent plus increase in war insurance rates.

Insurers in London, one of the world's leading markets for aviation insurance, increased war insurance rates for all destinations in the Gulf region on January 2, with aircraft serving destinations in Israel and Bahrain facing the steepest rises.

Pan Am, which says it is to suspend flights for at least a week, said yesterday that the cost of insuring the Boeing 727-200 used on its daily flights from Paris to Tel Aviv had risen from $3,200 to $60,000 a flight.

The cost of insuring the Airbus A320 flying twice-weekly from Frankfurt to Riyadh had increased from $16,000 a flight to $162,000. The company said it was unable to pass the additional costs onto its customers and could no longer operate services to Israel and Saudi Arabia profitably.

Pan Am is the first scheduled carrier to cancel services to Tel Aviv since Iraq's invasion of Kuwait in August. KLM, Swissair and Air France have changed their flight schedules so that aircraft and crews do not have to spend the night in Israel.

Insurers first charged war risk policies for flights into the Middle East in August, with airlines paying premiums of between 0.0125 per cent and 0.02 per cent of the value of an aircraft for each flight into the region.

From 2 January that rate was increased to 0.25 per cent for aircraft flying to both Israel and Bahrain.

"Israel is a very exposed territory," explained one of the leading war risk underwriters at the Lloyd's of London insurance market. Bahrain's increase was particularly steep because of the presence of hundreds of military aircraft on the ground there made it a likely "first strike target", added a broker.

Rates for flights into Riyadh and other destinations in Saudi Arabia north of the Tropic of Cancer are increased from 0.05 to 0.25. Rates for flights into Saudi Arabia south of the Tropic of Cancer are to be doubled (to 0.1 per cent). Rates for flights into Jordan rise from 0.05 per cent to 0.2 per cent. Other destinations affected include Oman, Dubai, Iran, UAE, Yemen and Egypt.

Aircraft staying over five hours in the destinations must pay twice as much per flight, those staying over 24 hours face fourfold increases. Those carrying military equipment or personnel pay more.

London insurers have already paid out on claims for aircraft lost due to the crisis in the Gulf. According to the underwriter this had influenced the size of the increase. London underwriters paid around $228m of a $300m insurance claim compensating Kuwait Airways for the loss of 15 aircraft confiscated by Iraq on August 2.

The claim represented nearly half of the total insured aviation losses for 1990 of nearly $645m, according to figures produced by Aviation Information Services.

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Realities of free market begin to dawn on Czechoslovakia

Tight fiscal control by Vaclav Klaus (left), the Czech finance minister, has so far succeeded in holding down inflation. But on New Year's Day the economic rules changed dramatically Page 2

MARKETS

STERLING
New York lunchtime:
$1.9465
London:
$1.9465 (1.9425)
DM2.905 (2.895)
FFr9.8875 (9.8525)
SFr2.465 (2.4525)
Y259.0 (261.25)
£ index 94.1 (93.8)

GOLD
New York: Comex Feb
$ (391.1)
London:
$386.25 (392.25)

N SEA OIL (Argus)
Brent Feb
$ (26.50)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.4923
FFr5.073
SFr1.2655
Y132.65
London:
DM1.4925 (1.49)
FFr5.07 (5.0725)
SFr1.2665 (1.262)
Y133.0 (134.5)
$ index 60.9 (61.1)
Tokyo: closed

US LUNCHTIME RATES
Fed Funds $7\frac{5}{8}$%
3-mo Treasury Bills: yield: 6.63%
Long Bond: $106\frac{3}{32}$
yield: 8.12%

STOCK INDICES
FT-SE 100:
2,117.8 (-10.5)
FT Ordinary:
1,648.5 (-7.2)
FT-A All-Share:
1,019.78 (−0.5%)
FT-A World Index:
129.55 (-0.2%)
New York lunchtime:
DJ Ind. Av.
2,596.29 (-14.35)
S&P Comp
324.43 (-2.02)
Tokyo: closed

LONDON MONEY
3-month Interbank: closing $14\text{-}13\frac{15}{32}$% ($14\frac{1}{16}$%)
Liffe long gilt future: Mar $90\frac{1}{32}$ ($88\frac{3}{16}$)

Public opinion survey throws light on post-unity divergence between citizens of east and west

Today's Germans: peaceable, fearful – and Green

By David Marsh in Bonn

BELYING HIS image as a man with his boots firmly planted in the Rhineland vineyards, Chancellor Helmut Kohl is *something of a cosmopolitan* when it comes to international affairs. *He likes to reproach his* fellow Germans for their "provincial" views about the new responsibilities the united Germany *is being asked to assume* on the world stage.

The chidings *of the Chancellor* – and the feeling of many observers that the new Germany will be more inward-looking – are borne out by the findings of a detailed opinion poll published today.

The survey, presenting a fascinating picture of the united Germany's attitudes and aspirations, was conducted in the east and west of the country by the Infratest polling organisation for the Süddeutsche Zeitung newspaper.

It reveals that the turnaround from the old image of power-lust and military adventurism could hardly be more complete. Today's united Germans are peaceable, reasonably tolerant, incorrigibly fearful and, in their thinking on the environment, unashamedly Green.

The survey throws light on *the* post-unity divergences between east and west. The *main preoccupation* of many west Germans seems no longer *to be making money*, but to be allowed to carry on enjoying their wealth in comfort and security, disturbed as little as *possible by the pressures of the* outside world.

In view of the dramatic economic restructuring east of the Elbe, east Germans are, *understandably*, more anxious about losing their jobs. But 65 per cent of east germans, and 52 per cent of west Germans, believe that by the year 2000 economic conditions will be roughly equal in the two halves of the country.

> Asked which country they viewed as a model for a united Germany, 40 per cent of respondents hailed Switzerland, seen as a paradigm of "wealth and independence"

Asked which country they viewed as a model for a united Germany, 40 per cent of respondents hailed Switzerland, seen as a paradigm of "wealth and independence". *Next followed* Sweden with its celebrated (though lately somewhat tarnished) social security network, with 29 per cent support. *The* US, France and Britain were well down the league table of "model" states, attracting the support of 6, 8 and 2 per cent of respondents.

Asked for a list of areas where the state should spend more money, 87 per cent of west Germans included spending on the environment, along with 82 per cent of east Germans. A total of 71 per cent of all Germans see the environment as top priority for the government and industry.

There was a nil response in both east and west for the suggestion that more money should be spent on defence.

A total of 53 per cent of west Germans, and 45 per cent of east Germans, complained that ordinary people were exerting too little influence on the helter-skelter politics behind German unity.

Asked about their chief fears for the year 2000, west Germans put environmental damage at the top of the list (65 per cent), with 52 per cent of east *Germans seeing* this as the main scourge.

Drugs (65 per cent) and crime (67 per cent) topped the list of *east German* anxieties. About one third of east and west *Germans* feared "*too* many foreigners".

In spite of the ebbing east-west confrontation, war is still *feared* by 45 per *cent of east* Germans and 36 per cent of those in the west. *As many as* 13 per cent of east Germans are worried about the world's destruction – against 8 per cent in west Germany. Unemployment is feared by 47 per cent of east Germans, against 29 per cent of their western compatriots.

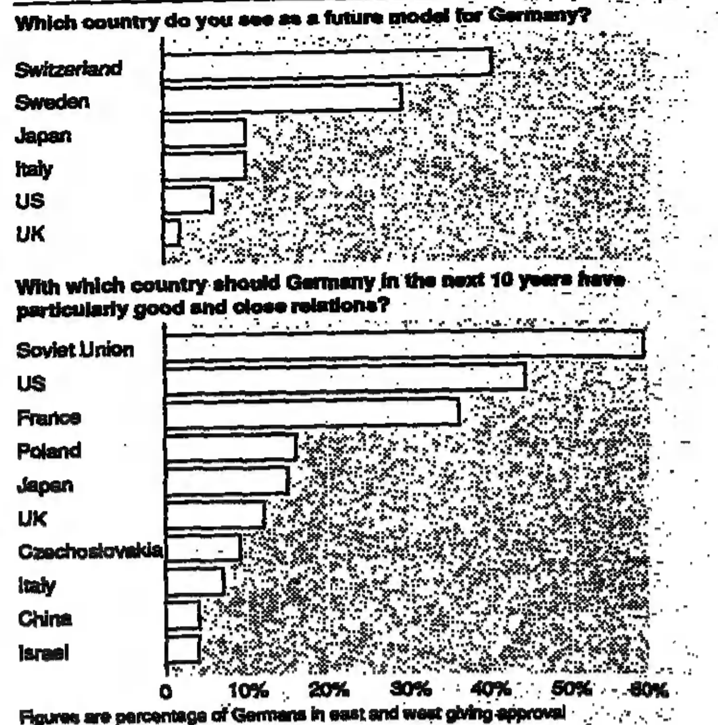
Not surprisingly, 42 per cent of east Germans thought more funds should be diverted to boost the economy, against only 18 per cent in the booming western half of the country. Only 13 per cent of west Germans – but 43 per cent in east Germany – wanted more funding for road-building.

Underlining the different priorities, 23 per cent of west Germans favoured more resources for schools, but only 13 per cent of east German respondents agreed with this view.

Other answers showed how *the* legacy of communism remains strong. Forty per cent *of east* Germans voiced a desire for more respect for *state authority*, against only 22 per cent in the west. In east *Germany*, 65 per cent of those questioned wanted greater police presence, much more than the corresponding western percentage of 25 per cent.

In one area, however, east Germans *have plainly* been starved of western style permissiveness: 62 per cent of east Germans thought there should be sex films on television.

Germany and the World



Figures are percentage of Germans in east and west giving approval

Paris stands firm after separatist attacks in Corsica

By Ian Davidson in Paris

THE FRENCH government yesterday refused to bend to nationalist pressures in Corsica which reached a new peak on Wednesday night with six bomb attacks by the Corsican National Liberation Front (FNLC).

There was no loss of life in the near-simultaneous attacks, in which at least 70 FNLC activists must have been mobilised, but properties in different parts of the island were seriously damaged.

The bombings are intended to challenge the government's *new local government policy* for Corsica, which is due to be *enacted at a special session of* parliament later this month.

Responding to the wave of violence, the French government said after a special cabinet meeting yesterday that there would some new appointments in the law-and-order structure, but that there would no change in French policy towards Corsica. The government did not propose any strengthening of the police presence in Corsica, which is already three times as great *per head of population* as in the rest of France.

The *new bill* would reinforce Corsica's local autonomy, *which is already significant*, but its chief novelty would be the explicit acknowledgment in the bill of the existence of "the Corsican people, as a component of the French people".

This concession to Corsican individuality, though rejected as inadequate by Corsican hard-liners, is also opposed by *the most traditional republicans* in France, including the *nationalist wing of the ruling* Socialist Party.

While *claiming responsibility* for Wednesday's bombing, the FNLC disavowed any connection with a string of murders of prominent local politicians. The most recent killing was that of Mr Paul Mariani, socialist mayor of Soveria in Haute-Corse, on New Year's Eve.

The FNLC said yesterday it had not abandoned the military ceasefire which it inaugurated in May 1988, and implied that the recent murders were deliberately intended to provoke government repression. "*The assassinations of recent* months are a complete break with our *fundamental* values," it said.

It insisted that one of its aims in bombing property, without taking life, was to deter the take-over of Corsica by foreign property developers, and the transformation of Corsica into "the sun-tan centre of Europe".

Reports from Corsica have suggested that some of the killings may have been connected with clan quarrels or gang warfare, rather than with any *political liberation movement*.

On the other hand, the *inside story of Corsican politics* and society is notoriously murky. Moreover, *tension* within the liberation movement, over the right strategy in response to the government's policy, last November led the FNLC to split.

Bonn seeks prescription to end drugs row

By Katharine Campbell in Frankfurt

GERMAN pharmaceutical industry representatives yesterday met Mr Norbert Blüm, the social services minister, amid a barrage of criticism about their refusal to sell drugs cheaply to eastern Germany.

The furore has arisen because of a clause in the German unification treaty saying that from the beginning of this year drugs on prescription in the east are to sell at just 45 *per cent of the equivalent west* German price.

This provoked an outcry from western companies, who see themselves robbed of lucrative new custom, and many of them brought in a delivery boycott as the measure came into force on Tuesday.

East Germans, angry at the threat of shortages of medicaments, are complaining they are again being treated as second-class citizens.

Some drug stores in the east *have closed in protest*, and there has been fierce criticism *of western companies' behaviour* from both sides of the former border, *with the Christian* Democratic party's social services committee lambasting the boycotters as "the robber barons of German unity".

The argument behind the changes is that lower wages in the east, with lower insurance contributions, leave health insurance companies with a big deficit.

Mr Blüm thought a way to close the gap was to cut the *cost of prescription drugs over* three years until contributions *boosted insurance kitties*. But drug companies, already furious at the Bonn government's 1989 health reforms which *slashed the price of non-patent* drugs, fear a black market could develop and upset western pricing patterns.

Drug companies stuck to their boycott yesterday despite Mr Blüm's call to resume deliveries. But hope of a compromise emerged with the industry's offer of DM900m (£310m) to help cover the insurance companies' deficit in return for a free pricing regime.

● Deutsche BP, a subsidiary of British Petroleum, is to help *market* and distribute oil products from the east German refinery of Leuna, writes Andrew Fisher in Frankfurt.

Under a deal signed late last month with Leuna and Intrac, *an east Berlin-based trading* company, three new companies *will be set up for the purpose*.

BP said Leuna had a capacity of 5m tonnes a year and would supply its planned pet*rol station network in east Ger*many and other customers.

Soviet prices chief defends the policy of government-controlled increases

By Quentin Peel in Moscow

PRICE REFORM in the Soviet Union, which began with a swingeing 130 per cent increase in oil prices on January 1, is an *attempt* to correct at least 30 years of deliberately suppressed *inflation*.

The drastic changes planned *this year* in both *retail* and wholesale prices, which many economists *fear will* trigger hyper-inflation, have been delayed for years by Soviet politicians terrified of the popular backlash they would trigger, according to the top Soviet official responsible.

Yet he is convinced that the process can still be carried out by administered price rises controlled by the central government, and is strenuously opposed to any rapid price liberalisation.

Mr Anatoly Komin, first dep*uty chairman of Goskomtsen*, the Soviet State Price Committee, *yesterday spelt out* the thinking of the central government on the state price reform process, launched with a vengeance on New Year's Day with 1,500 wholesale price rises.

In an interview, he admitted straight away that there was still no agreement on how or when to implement the retail *price reform* which must inevitably follow. That still depends *on a battle for the ear of President* Mikhail Gorbachev him*self, and on a parallel struggle* to persuade all 15 union republics to agree.

Mr Komin revealed that every month that the retail price reform is delayed will cost between Rbs8bn and Rbs10bn in price subsidies from an already bankrupt exchequer.

MR VYTAUTAS LANDSBERGIS, Lithuania's president, said *yesterday* his government had taken precautions against Soviet military seizure of key buildings. He also appealed for greater western support for the Soviet Baltic republics, writes Karen Fossli in Oslo.

***Mr Landsbergis was speaking* in Olso the day after Soviet troops took over the Communist party printing works in Riga, *capital of neighbouring Latvia. The plant* had been controlled until then by the pro-independence republican government. *He* compared Moscow *to a boa constrictor* which had a stranglehold on the three Baltic republics and said that western political backing was *their best chance of* winning independence after being annexed by the Soviet Union 50 years ago.**

Mr Landsbergis said his government had increased the defence of Riga's press centre and other buildings but that Lithuania did not have the power to protect itself solely by its armed forces. There had been sqirmishes this week between Soviet troops and Lithuanian guards in Vilnius, the capital. "There are provocations all the time, slowly growing *worse*," he said.

He also made it known that *the State Price* Committee proposals are exactly the same as *those first drawn up two years* ago, ignoring the entire subsequent debate on more rapid and radical measures to switch to a market economy.

"The mass of the population is always against any price rise," he said. "Many of our politicians have started using this theme for their own political ambitions." Western economists had also not helped the process, by suggesting that "*price reform* would destroy perestroika."

Radical economists like Professor Nikolai Petrakov, personal economic adviser to President Gorbachev, have argued that simply setting a whole range of vastly increased prices will do nothing to move the Soviet economy towards a market system. Instead, it would start an inflationary spiral at a ferocious pace.

The radicals have argued for a severe credit squeeze to cut *the explosion of money supply*, followed by rapid price liberalisation, while *freezing* the prices of some 150 essential items to protect the poorest section of the population.

Mr Komin said that such a plan would itself be a recipe for hyper-inflation, insisting that a sharp controlled rise in retail prices – such as 70 per cent on cars, televisions and refrigerators – would actually force people to stop hoarding, stabilise the market, and then allow prices to be liberalised.

Deciding on the strategy for *price reform* was central to the economic agreement currently being negotiated by *Mr Gorbachev* with the 15 union republics, he said. That is supposed to be finalised by January 10.

Without such an agreement, he declared that a "price war" between the republics was *inevitable*.

"It is going on already in certain spheres, for example in the Baltic republics," he added. "In central Asia they want to set independent prices for cotton. The immediate reaction would be that Russia, which has the largest textile industry, would raise the prices of its manufactured products sold back to the Asian republics. You can see that it rapidly *becomes a vicious circle*.

"God save us from such a *thing happening. But some*times we are on the verge of it."

He said that the government's planned price reforms had to be accompanied by compensation for wages, pensions and other allowances. That could be 100 per cent compensation for food price rises, and for products such as children's clothes, but only partial compensation for more expensive products like consumer durables.

He flatly denied that the inflation process was already out of control in the Soviet Union, as many independent economists believe, or that the shadow economy now accounted for as much as 40 per cent of economic activity.

"That is a gross exaggeration," he said. "The shadow economy is no more than 5 to 7 per cent."

Avoiding rampant inflation depended primarily on controlling wages. "If we control *wages harshly, keeping* pay rises to the growth of productivity, we can *have normal* inflation of 3, 4 or 5 per cent. Then indexation of prices and wages is possible."

Move west by private company in Soviet Union

By Christopher Bobinski in Warsaw

THE first known step westwards by a private company in the Soviet Union has been taken by Metronom, a Minsk-based enterprise, which has bought out *Construction*, a small western-owned company near *Siedlce*, Poland.

The move is the work of Mr Sergei L. Brukker, *39*, from Novosibirsk, who started Metronom as a co-operative in August 1988 in a basement in Minsk, the capital of Belorussia, on a private Rbs100,000 loan.

On January 1 Mr Brukker, who has the air of a retired boxer, transformed Metronom, now employing 3,500 people, *into a private* joint stock company. It has branches in Latvia *and in the Siberian cities of* Tomsk, Novosibirsk and Irkutsk, as well as several subsidiaries in Minsk.

The group started in the building industry but has since diversified into computers, transport, electronic measuring equipment and advertising.

Metronom *is also an* important shareholder in Micobank, which *was set up* in April 1989 as the first commercial bank in *Minsk*. It is owned by six co-operative companies and 11 state sector enterprises and *has* a share capital of Rbs28m.

Metronom's plans in Poland, where it will have the opportunity to earn hard currency, include assembling television sets imported from the Latina company in Taiwan and trading with a South African group, ICT 2,000.

The Polish affiliate has bought a 15,000-tonne ship in the Soviet Union to save on *freight* costs.

According to Mr Leszek Kuczynski, *Metronom's manager* in Warsaw, the company hopes to start up two affiliates within 12 months, one in Indonesia processing fruit for the *Soviet* market and another in Canada leasing giant Bialaz trucks produced in Minsk.

Metronom's Polish affiliate at present employs 11 people and hopes for a trading turnover this year of $200m (£103.6m).

General strike has little effect on Turkish life

By John Murray Brown in Ankara

TURKEY'S first *general strike* in more than 10 years, declared illegal by both the government and the courts, passed off *peacefully* yesterday despite fears of civil disturbances.

In cities where union support is strong, the one-day stoppage had little effect on public services, with trains operating with a reduced workforce, but some city bus routes cancelled. Turkish airlines cancelled two domestic flights. Istanbul ferry lines were said to be fully manned.

If the union intention was to bring the country to a standstill, it failed.

But Turk-is, the biggest union federation, said 90 per cent of its 1.5m members had stayed away from work and employers broadly confirmed the claims.

Public-sector employers said they would dock the wages of those on strike. But private-sector employers said they would ignore the government's call for companies to report the names of striking workers to the public prosecutor's office.

Some 50,000 coal miners on the Black Sea are already on strike, while 100,000 metal workers have downed tools, and textile and paper workers have pledged to join the strike.

In Ankara, the authorities are preparing for today's threatened march by the coal miners, whose three-month pay dispute has been the main focus of the union action. Ankara's governor has declared the city centre a forbidden zone and newspapers say security forces are on alert on roads into the city.

Hundreds more Albanians flee

A GREEK Orthodox priest (left) *distributes clothing* to Albanian refugees in the border town of Filiates. Hundreds of Albanians were continuing to cross into Greece yesterday despite talks between Greek and Albanian officials aimed at stopping the exodus, AP reports from Athens.

Greek officials said that 564 refugees arrived early yesterday. They joined more than 5,000 who have braved freezing *weather* and treacherous mountain passes during the past week *to escape their com*munist homeland.

***Greek officials* have called for an end to the exodus and say *they hope the mostly eth*nic Greek refugees will be able to return to Albania.**

Mr Constantine Mitsotakis, the Greek prime minister, will seek an amnesty for refugees who wish to return when he visits Albania on January 13.

KGB *man*: 700 *spies* are still in Germany

A Soviet KGB officer who spied for Britain before escaping to the west in 1985 said yesterday that the Kremlin still had about 700 intelligence agents in Germany, Reuter reports from Berlin.

Mr Oleg Gordievsky told the Berliner Zeitung newspaper that the KGB was less effective than western spy services but still successful.

Mr Gordievsky, who recently published a detailed history of the KGB, said the main centres for Soviet agents were Bonn, Cologne, Munich, Hamburg and both halves of once-divided Berlin.

Realities of free market begin to dawn on Czechoslovaks

Little in the country's past has prepared it for the sort of economic hardships ahead, writes **Anthony Robinson**

THE CRISIS of authority in Moscow is being followed with foreboding in Prague where the New Year marked the start of a free market economic package.

Ironically, its fate in the short term hinges on continuing supplies of Soviet oil and a reasonable level of trade with the rapidly disintegrating Comecon bloc. Higher exports to the west are not enough to offset the loss of the east German market, Soviet oil cuts and the flight from Comecon trading generally.

Until now Czechs and Slovaks have been relatively unscathed by the internal dislocations which have led to high inflation, rising unemployment and declining living standards in neighbouring Hungary, and especially in Poland which embarked on its rapid transition to a market economy a year ago.

Czechoslovakia also remains far better off than Romania and Bulgaria whose structural weaknesses have been exposed by the collapse of the Communist system. Indeed, the solid inter-war housing estates and well-built factories and infrastructure reflect the country's intrinsic strengths as historically the region's most developed industrial economy.

Key factors, too, are its low foreign debt and the tight fiscal and monetary control maintained by Mr Vaclav Klaus, the federal finance minister since the fall of the Communist regime over a year ago.

What really underpins the somewhat deceptive tranquillity, however, is the relative slowness with which Czechoslovakia has moved so far to dismantle the overwhelmingly state-owned economic structure inherited from the intensely conservative Communist regime. Now the pace is hotting up.

On New Year's day the Czechoslovak koruna was effectively devalued by 14.25 per cent to around 28 to the dollar following a 50 per cent devaluation in October. The currency was also made internally convertible and most foreign trade restrictions were lifted in line with promises made to the International Monetary Fund. These external measures were accompanied by widespread price deregulation on all but essential food and other items.

Next month a "small privatisation" plan designed to convert more than 100,000 shops, service stations and other small businesses to private ownership over this year is due to come into effect.

The government has also drawn up tax measures designed to keep wage and salary growth well below an inflation rate which some economists believe could go as high as 30 per cent this year.

Mr Klaus , who last year consolidated his dominance of economic policy by becoming leader of Civic Forum, which was catapulted into power in November 1989, will only admit that inflation "will reach double digits this year". He strongly rejects suggestions that the federal authorities are following the Polish example, and deliberately using inflation to mop up excess purchasing power.

"Inflation is an evil under any circumstances," he said. "We intend to continue with *tight fiscal* and *monetary* policies which will ensure another budget surplus of around 1 per cent of GDP in 1991. Prices will rise into double digits because, by freeing prices and cutting subsidies, we are moving from repressed inflation to open inflation. This year's higher inflation is a result of greater transparency, not a greater inflationary dynamic."

Even so, the net result of devaluation, price liberalisation, widespread privatisation, a further sharp drop in Comecon trade, higher oil prices and wage controls will be a further 5 per cent drop in GDP this year "and possibly more", according to Mr Klaus. Last year, GDP fell by around 3.5 per cent, he added. Unemployment is expected to rise from about 30,000 at present to 400,000 or more by the end of the year.

Little in the country's past has prepared it for the sort of economic hardships ahead. Relatively unscathed by the war, Czechoslovakia also enjoyed comparatively high living standards as a "reward" *for enforced political passivity after* the Soviet invasion of 1968.

*Moreover, the free local govern*ment elections, in which the Com*munist party won nearly 14 per cent* of the vote, revealed that the country's *social democratic traditions* remain strong; and that the trade unions and "left wing" groups have considerable doubts about the free market policies advocated by Mr Klaus and his followers.

Sitting at his desk piled high with Christmas cards from supporters urging him to "stick to his guns", Mr Klaus rejects the image of "arrogance and anti-social indifference" to the plight of the disadvantaged.

Every week in a widely-read column of the Civic Forum newspaper, he tries to explain the economic realities. These include the need for a period of "creative destruction" to sweep away the old polluting, wealth-destroying, structures of the past and "create a new social contract based on individual responsibility, not the state."

Meanwhile, Czechoslovakia's *industrial traditions, geographical* proximity to the rich markets of the European *Community and commit*ment to a market system have already attracted the first large strategic investments. The most important is Volkswagen's *$6.45bn deal* with Skoda.

Although these omens look good, the tensions between Czechs and Slovaks do not. Over the *past six* months, there has been a political struggle between the Czech and Slovak parts of this federal country. This led President Vaclav Havel to seek emergency powers to head off a conflict which at one stage threatened national unity and risked scaring off further foreign investment.

Passions cooled before the crucial budget was agreed at the end of the year. The budget committed the Czech lands, Slovakia and the federal government to tight budgetary controls and *no recourse to the cen*tre for inflationary extras.

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Top US official accused of 'Japanese bashing'

By **Nancy Dunne** in Washington

MATSUSHITA Electric Industrial's purchase of MCA, the US entertainments group, has sparked new controversy over Japanese investment in the US and charges of coercion and "Japanese bashing" against a Bush Administration cabinet secretary.

In the latest bout of a battle bound to inflame anti-Japanese sentiment in the US, Matsushita's high-powered US representatives have accused Mr Manuel Lujan, the US interior secretary, of "trying to intimidate and coerce" Matsushita into donating tourist facilities in the Yosemite National Park to the US government.

The tourist facilities, owned by Yosemite Park and Curry, an MCA subsidiary, came under Matsushita control when the $6.6bn (£3.4bn) acquisition was finalised on December 29. Former Senator Howard Baker and Mr Robert Strauss, former chairman of the Democrat party, said the Matsushita-MCA merger negotiations included a proposal to sell the facilities to a US buyer within 13 months.

Meanwhile, the company's assets would be placed in escrow and its net income donated to the National Park Foundation. They said this plan seemed acceptable to the interior officials in late November. But by mid-December, when it was submitted for formal approval, there had been a change.

The interior secretary said he changed his mind when he read the escrow agreement and it gave the department only 30 days to approve the sale.

Senator Baker and Mr Strauss accuse Mr Lujan of trying to "frighten the public into believing an American national treasure will be under the control of a foreign corporation" to get control of the facilities.

"I want to own those buildings," the secretary acknowledged on TV yesterday. "Right now they own them...They had to get my permission to transfer ownership of the concession contract. They didn't get my permission. They're in breach of contract."

Brazil privatisation countdown begins

By **Christina Lamb** in Rio de Janeiro

BRAZIL'S much-delayed privatisation programme will finally get under way in March with the sale of four state companies, which the government estimates are worth at least $3bn (£1.55bn).

Mr Eduardo Modiano, who heads the privatisation programme, said after a meeting with President Fernando Collor de Mello that he hoped to raise between $6bn and $7bn this year through 10 state sell-offs.

The first four companies to be privatised are Usiminas and Companhia Siderurgica de Tubarao, steel mills which have generated considerable foreign interest, Usimec, a petrochemicals company, and Mafersa, which deals in public transport. The latter two have been scheduled for privatisation since 1987 but have been losing money.

When President Collor took office in March he pledged to raise at least $7bn in 1990 through privatisations. However, the programme has been beset by legal and technical difficulties, and an attempt to raise $5bn by forcing banks and pension funds to buy privatisation certificates met massive opposition – it eventually raised only $420m.

Mr Modiano justified the delays by saying the Privatisation Commission had been working "with care and without haste". But the target for the end of 1992 remains $18bn, to be raised through the sale of 20 companies. The proceeds will be used to reduce government internal and external debt. But with Brazil entering its deepest recession for a decade there is little cash available domestically.

Mr Modiano said last month that he hoped people would convert cruzados frozen in a draconian assets squeeze in March into privatisation certificates. This would help the government solve the problem of how to pay back the blocked money due to be released in September.

The government is to launch a campaign to win support for the idea. But the move is expected to be unpopular.

● President Collor has recalled Congress for an emergency session, in a further attempt to pass a law establishing free wage negotiations.

Brazil has had index-linked wages for 30 years but the Collor administration considers this a key cause of continuing high inflation. Last year's inflation rate was 1,800 per cent – the highest in Brazilian history. The government has been trying to end indexation since June but has been repeatedly defeated in Congress and the Supreme Court.

Silent majority holds key to Guatemala poll

Tim Coone examines the prospects for Sunday's run-off presidential ballot

LIKE hosts of an expensive but mediocre party, the two leading candidates in November's inconclusive presidential elections in Guatemala must ponder two important questions. Who didn't turn up and why?

Mr Jorge Serrano and Mr Jorge Carpio, the two centre-right candidates who face a run-off ballot this Sunday, were each supported by only 10 per cent of the 3.2m registered voters in the first round.

Women are thought to have constituted less than a third of voters. Overall abstention was 43 per cent and in some rural areas it was higher.

Fundamental issues such as army and agrarian reform seem to have been ignored in these elections. The veto power of the armed forces, which attempted two coups against the outgoing president Mr Vinicio Cerezo Arévalo, overshadows the future president.

The issue is further complicated by Guatemala having become a large drugs producer and transhipment point in Central America. A protective umbrella provided by corrupt police and army officials hinder reform efforts, local politicians admit.

Other, legitimate, groups also look to the armed forces for support. Father Andres Giron, a Catholic priest who took to the campaign trail for the Christian Democrat party (DCG) in poor Indian communities, is accompanied by four heavily armed guards. "There are a lot of landowners who would like to see me dead" he said.

He is the leader of a score of DCG deputies in the 116-seat Congress, a platform from which he plans to lobby for agrarian reform.

The scale of rural poverty can be gauged from the fact that some 500,000 Indians from the Altiplano highlands now work as casual labourers on the coffee, sugar, banana and cotton plantations of the Pacific coastal plain and hills. Earnings they make there supplement the meagre output they scratch from their subsistence plots in the hills. From these people come guerrilla recruits.

Both Mr Carpio and Mr Serrano promise to continue peace talks with the guerrillas and recognise the need to clean up the armed forces and police if they are elected in the second ballot.

Mr Carpio, however, offers little to attract the Indian vote. "Agrarian reform is an idea of the past. We have to look forward," he said this week.

Political horse-trading around such issues will proliferate as both candidates seek support from other parties in Sunday's voting. Supporters of the DCG will lean towards Mr Serrano. Unlike Mr Carpio, Mr Serrano is likely to need the DCG's rural infrastructure, which his party lacks.

MR Serrano is respected by both right and left as a principled negotiator. He has good contacts with the URNG guerrillas as well as ex-general Efrain Rios Montt, a right-wing moralist whose party won almost as many votes as Mr Serrano and Mr Carpio in the ballot for Congress.

Mr Serrano is perhaps the only candidate who is capable of brokering a lasting peace agreement between Guatemala's political extremes and of holding together a coalition in the Congress – a necessity as no party holds an absolute majority.

Latest opinion polls give Mr Serrano a firm lead over Mr Carpio. Faced with probable defeat at a second ballot, Mr Carpio's only hope will be to try to mobilise the silent majority who did not vote in November.

Canadian retailers ease impact of new tax

AN unexpectedly steep slide in Canadian business activity appears to be dampening the inflationary impact of the new 7 per cent goods and services tax (GST) which took effect on January 1, writes Bernard Simon in Toronto.

Informal surveys suggest many retailers are absorbing the sweeping value-added tax in an attempt to generate sales.

One typical poster in a Toronto clothing store read: "No GST today – We're paying it for you."

Businesses are also passing on savings generated by the elimination of the more narrowly based 13.5 per cent manufacturers' sales tax. As a result, prices of many manufactured items – including motor vehicles, clothing and electronic goods – have fallen modestly.

The Department of Finance estimates the GST will lift the consumer price index by 1.25 percentage points.

Mr Paul Darby, director of forecasting at the Conference Board of Canada, said he was sticking to earlier projections of a 1.6 point jump in prices, but that intensifying competition had lessened the risk of the forecast being too low.

Pledge over Rhode Island credit unions

US FEDERAL regulators are to insure 22 credit unions in Rhode Island, out of 33 which applied for federal insurance coverage, Reuters reports from Washington.

The National Credit Union Administration (NCUA) said in a statement that the remaining 11 institutions were not able to be insured.

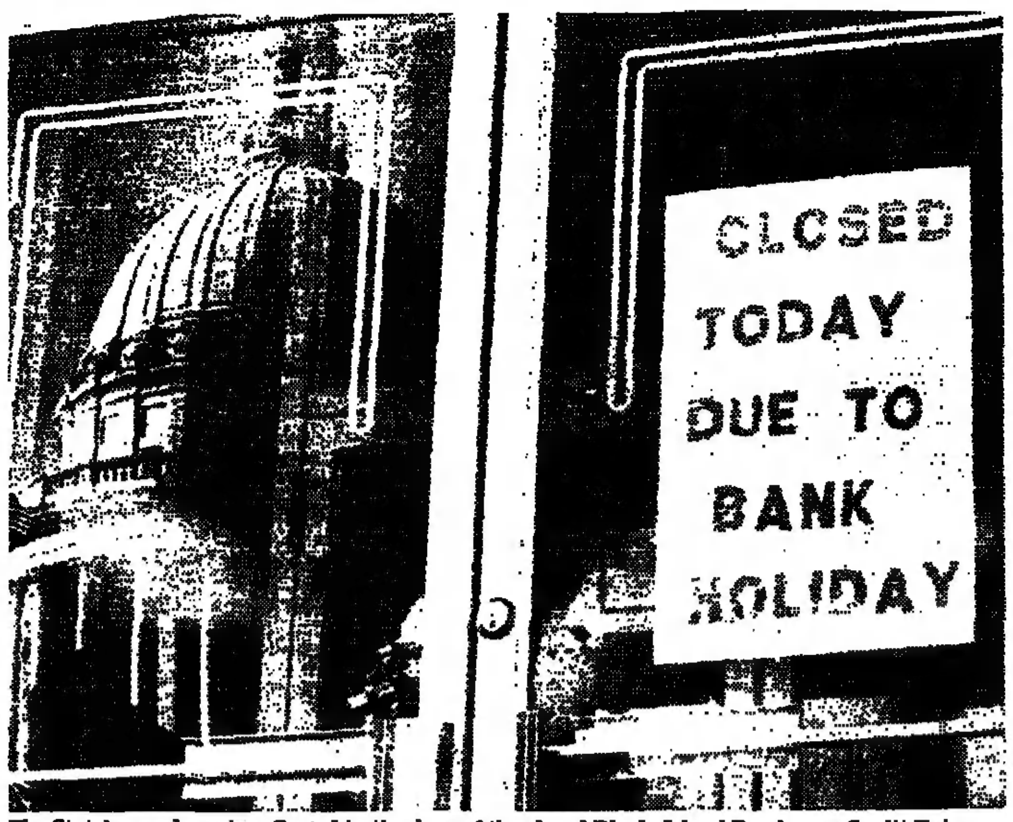
"These credit unions were found to hold a high proportion of commercial, real estate and other loans which are non-performing or are poorly underwritten," the group said.

The credit unions had applied for federal insurance as a private insurance fund guaranteeing deposits was on the verge of collapse due to an earlier bank failure.

On Tuesday Mr Bruce Sundlun, Rhode Island governor, closed 35 credit unions, seven loan and investment companies and three banks. He said they could not reopen unless they secured federal deposit insurance.

The NCUA said the 22 credit unions would be insured as soon they had signed necessary agreements and made deposit insurance payments to the NCUA insurance fund. "Seven may complete all requirements this week," it said.

Among the credit unions which the NCUA is not prepared to insure, some "have extremely high delinquency and in some cases solvency is in question," the agency's statement said. The 22 credit unions approved have assets of $381m (£197.4m).



The Statehouse dome is reflected in the door of the closed Rhode Island Employees Credit Union

The 45 financial institutions closed by the governor were insured by the Rhode Island Share and Deposit Insurance Corp (Risdic), a state-chartered private corporation.

The Risdic fund guaranteed 300,000 deposits totalling $1.7bn at the institutions.

Five banks closed by Mr Sundlun have applied to the Federal Deposit Insurance Corp (FDIC) for federal insurance.

A FDIC spokesman said the agency had not yet determined whether they qualified for insurance, but expected a decision soon.

El Salvador rebels shoot down US helicopter

LEFTIST Salvadorean rebels say they did not realise a military helicopter they shot down on Wednesday belonged to the US, Reuter reports from San Salvador. Three American military advisers on board were killed.

The Defence Department in Washington said the three men were killed when their UH-1H transport helicopter was shot down by small-arms fire while returning from San Salvador to Soto Cano airbase.

It went down about five miles north of Lolotique, a village 75 miles east of the capital, the Pentagon said.

The clandestine Salvadorean rebel Radio Venceremos said late on Wednesday that guerrilla forces had shot down a military helicopter and discovered afterwards that its crew members were Americans.

"They were in a war zone, our units did not distinguish [if] it was a war plane overflying a war zone and in this context the helicopter was brought down," the radio said.

The bodies of the men, assigned to the fourth battalion of the 228th Aviation Regiment, were recovered by Salvadorean forces and taken to San Salvador, the Pentagon said.

Britain expels Iraqis after 'public threats'

By Ralph Atkins, David Buchan, Jimmy Burns, and Neil Buckley

BRITAIN yesterday expelled more than 70 Iraqis, including eight embassy staff in London, after what the government described as "public threats" by Iraq linked to possible Gulf hostilities.

The Foreign Office refused to elaborate but it is thought to reflect some concern within Europe of the threat of possible terrorist attacks outside the Gulf region.

A UK maritime safety expert also warned that Iraqi sympathisers could infiltrate and endanger oil and gas rigs in the North Sea.

The claim by a former head of the UK Navy's fisheries protection squadron followed reports that Norway is boosting security installation because of fears of Iraqi terrorism.

In Brussels last night the UK decision to expel the Iraqis was viewed as being in line with diplomatic moves against Iraq agreed by EC ministers in September, rather than a hardline decision taken unilaterally in London which might be aimed at pre-empting today's ministerial meeting on the Gulf in Luxembourg.

However, there was no immediate indication that the move would be followed by other diplomatic expulsions.

The expulsion of seven diplomats and a security guard from the embassy in London has cut the total staff to 15 diplomats and 17 non-diplomats. They have been given 24 hours to leave.

A further 67 Iraqi nationals, mostly students, are being deported.

The expulsion order was the largest involving Iraqis within Europe since September when Britain went further than most other EC countries, except France, by ordering out of the country 31 Iraqis.

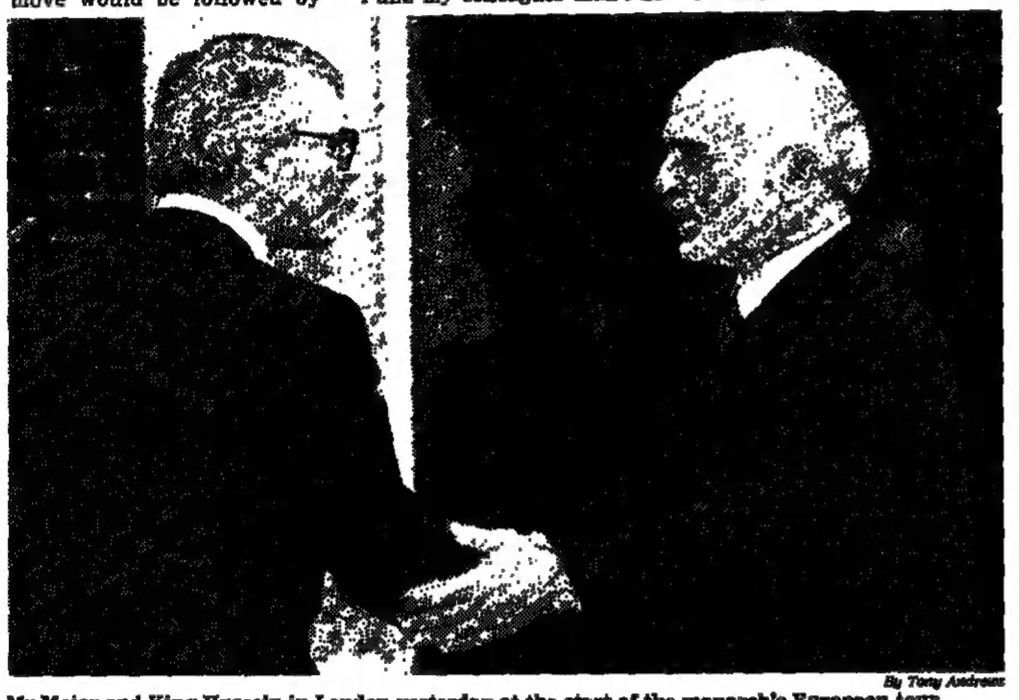
In London, first secretary Mr Salih Faraj Mohammad was among those whose expulsion was ordered. He said last night: "I and my colleagues didn't do anything. We followed diplomatic procedure and the law."

A tit-for-tat retaliation by Iraq cannot be ruled out although the Foreign Office said it saw no justification for such a move. Britain is diplomatically less exposed than in September when the hostages issue remained unresolved, although the move may disappoint some western diplomats who are seeking to avert a Gulf war.

On Tuesday the British government announced that its embassy staff was being reduced to six from 16, almost certainly to minimise the number of diplomats at risk from a possible war.

It is estimated that there are now about 1,000 Iraqi students and a total Iraqi population of 5,000 or 6,000 in Britain. Those involved in yesterday's order are believed to include students attached to technical and university colleges throughout Britain. Their studies are being financed by the Iraqi government.

● The Foreign Office yesterday advised dependents of Britons living in Sudan to leave "well before" the January 15 deadline set by the UN for the withdrawal of Iraq from Kuwait.



By Tony Andrews

Mr Major and King Hussein in London yesterday at the start of the monarch's European tour

Unity marks Hussein's UK visit

By Ralph Atkins in London and Lamis Andoni in Amman

THE prospect of talks in Switzerland between the US and Iraq allowed Mr John Major, the prime minister, and King Hussein of Jordan to present a united front after a two-hour meeting in London yesterday.

As Mr Major prepares to leave this weekend for a Gulf tour he was able to join King Hussein in welcoming President Bush's initiative. The prime minister said it was a "useful development".

British officials made clear that any meeting in Switzerland would be of far greater significance than a European Community backed trip to Baghdad. As such it went someway towards easing anxieties that today's meeting in Luxembourg could be interpreted by Iraq as a sign of weakness among EC members.

The agreement between Mr Major and King Hussein came in spite of obvious Jordanian anxiety about a military conflict in the Gulf and the king's determination to play a role as mediator in the confrontation.

Downing Street officials said that to a large extent the discussions envisaged beforehand by both Britain and Jordan had been overtaken by the US announcement. King Hussein, who fears a Gulf war could spread to include Israel, is expected to visit other European capitals before returning to Jordan.

After his lunchtime meeting with Mr Major, the king welcomed as "positive news" the US initiative. "We hope it will lead to a peaceful resolution of this crisis," he said. Mr Major, who appeared confident of a Switzerland summit taking place, said his talks with the king had been "useful".

For Labour, Mr Gerald Kaufman, shadow foreign secretary, said it would be "extremely satisfactory" if a meeting took place between Mr James Baker, US secretary of state and Mr Tariq Aziz, Iraq's foreign minister. Mr Major's Gulf programme, starting on Sunday, includes Saudi Arabia, Oman and Egypt. A main objective is "morale boosting" visits to see British troops but he is also expected to see President Mubarak of Egypt in Cairo. Meetings with King Fahd of Saudi Arabia and the exiled Emir of Kuwait are also likely.

Gulf bank scales down international operations

By Our Financial Staff

GULF International Bank, the Bahrain-based international bank badly hit by Iraq's invasion of Kuwait, has begun a sizeable retrenchment.

Senior officials at the bank, quoted yesterday by Reuters from Bahrain, said contracts of all international staff at the Bahrain headquarters had been terminated.

The bank would close representative offices in Tokyo and Frankfurt and convert its Singapore branch into a representative office.

Operations in the bank's London and New York branches would also be scaled down, the officials were quoted as saying.

About 56 employees in Bahrain, including senior Arab, British and other European executives, were affected by the move, the officials added. Since the Iraqi invasion of Kuwait on August 2 last year, many of the staff were re-appointed on temporary contracts ranging from three months to one year.

"The bank is carrying out a strategic review of manpower requirements in the light of business needs and has effected some staff terminations in Bahrain," a GIB statement said.

"The review is continuing in our overseas offices. The bank has been looking at this for some time and the Gulf crisis has increased the focus on our staff needs in the future," it said. The bank confirmed redundancies, but said only a small number of its total 469 staff worldwide had been affected.

GIB is jointly owned by the governments of Iraq and the six states of the Gulf Co-operation Council, including Kuwait, Saudi Arabia, Bahrain, Oman, Qatar and the United Arab Emirates.

The bank was a prominent lender to Iraq throughout the 1980s, lead-managing a number of large syndicated loans and lending significant sums in bilateral arrangements.

Iraq announced it would stop servicing all its foreign debt following the international financial sanctions imposed on it in August after the invasion.

This blow to GIB, which followed a $692.5m loss in 1989 caused by provisions for its large lending to Third World countries, was coupled with a withdrawal of deposits and loss of confidence, suffered by all Gulf banks in the aftermath of the invasion.

GIB responded to the crisis immediately by selling off Treasury bills and other readily traded assets to rebuild liquidity.

Sales from its Third World debt portfolio at significant discounts to face value followed, including one $500m block. The bank has continued to sell loan assets closer to face value.

Bankers said the cutback at GIB was almost inevitable as the crisis has dragged on.

Germany is to send 18 of these Alpha jets to Turkey to deter Iraq from attacking the NATO nation. Nato granted a Turkish request that jet fighters from Germany, Italy and Belgium be sent close to the border of Turkey and Iraq

Misrata summit is sign of the times

By Tony Walker in Cairo

PRESIDENTS Mubarak of Egypt and Assad of Syria can scarcely have found themselves in more unusual surroundings, but their presence yesterday in a tent in the Libyan seaside resort of Misrata was a sign of the times in Arab politics.

They had gone to Libya at the request of Colonel Muammer Gadaffi for a "summit" to discuss the Gulf crisis as time slips away to the January 15 UN deadline for Iraq's withdrawal from Kuwait.

Few details emerged of what was discussed in Col Gadaffi's tent and later at a meeting in a hotel where the Arab "summiteers" were joined by General Omar al-Bashir, Sudan's ruler.

But the Libyan leader said before the talks he was optimistic of a peaceful resolution of the crisis.

The Misrata "summit", overshadowed by President George Bush's new offer of direct talks with Iraq, was part of renewed Arab efforts to persuade Baghdad to withdraw from Kuwait before it was too late.

Mr Mubarak, whose calls for a peaceful resolution of the crisis have become much more insistent in the past few days, told Egypt's Middle East news agency, Mena, soon after his arrival in Libya that he hoped "with all honesty" that Iraq would withdraw from Kuwait "to spare the world the devastation of war".

Gen Bashir, whose country appears to have shifted its position from support of Baghdad to a more neutral stance in recent weeks, said on his arrival that he hoped the "summit" would come up with a new initiative to end the conflict.

Col Gadaffi said the meeting, set up at only 24 hours' notice, would "discuss a joint view and what could happen in the Gulf in the coming days.

"We want to pool our efforts and unify our position to serve the future of the Arab nation," he declared.

The positions of the four Misrata "summiteers" were hardly unified, however, reflecting differences in the Arab world that have been exposed since August 2.

While Egypt and Syria have sent troops to the Saudi desert to participate in the US-led alliance, Libya has condemned the presence of foreign forces in the region.

● In Cairo, Egypt's semi-official press assailed Iraq over its abuse of Mr Mubarak following his warnings earlier this week of the dangers of the region sliding into the "merciless hell" of war.

The mass-circulation daily Al-Akbar described President Saddam as a man "who has lost his mind". Iraq had denounced Mr Mubarak as a "coward" and a stooge of the US.

Belgians prefer talks to war, survey says

By David Buchan in Brussels

BARELY one Belgian in three is still ready to see force used to evict Iraq from Kuwait, according to an opinion poll published yesterday amid increasing signs that the Belgian government is getting cold feet about any military involvement in the Gulf.

The telephone survey, published in the daily Le Soir newspaper, showed that only 36 per cent of Belgians still favour using force, compared to 60 per cent in September and 65 per cent in August.

The poll of 500 people said 87 per cent thought western countries should negotiate with Saddam Hussein, the Iraqi president, to avoid war.

Almost half thought western countries should make some concessions to Iraq if it meant avoiding war. The poll showed the weakest support for military action in the Dutch-speaking north of the country.

It was pressure from the Flemish socialists (SP) in the ruling coalition that scotched British attempts to borrow or buy a large quantity of artillery ammunition before Christmas, even though the Belgian defence ministry, headed by a French-speaking socialist, backed the UK request.

The SP also appeared to be behind the cautious government statement this week approving dispatch of 18 Belgian Mirages, along with Italian and German jets, to Turkey.

Mr Wilfried Martens, the Belgian prime minister, said on Wednesday his country would not take an active role in any Gulf conflict.

NEWS IN BRIEF

Gulf states say Iraq is losing $2.5bn a month

Iraq is losing $2.5bn every month as a result of the international blockade, according to a study released yesterday by the six-nation Gulf Co-operation Council, AP-DJ reports from Jeddah.

The GCC, which includes Kuwait, Saudi Arabia, Qatar, Bahrain, Oman and the United Arab Emirates, says Iraq is now producing 600,000 b/d of oil for domestic use, compared to 3.5m b/d mainly for export before the invasion of Kuwait.

The report adds that five important construction projects aimed at improving Iraq's oil industry have been put on hold.

Genscher: 'war is avoidable'

Mr Hans-Dietrich Genscher, the German foreign minister who is leading efforts within the EC for a diplomatic solution to the Gulf crisis, declared yesterday that war was "avoidable", David Marsh writes from Bonn.

In talks in Bonn with Mr Sid Ahmed Ghozali, the Algerian foreign minister, Mr Genscher welcomed the move by President Bush to keep open the door to contacts with Baghdad.

There has been a notable increase in anti-war statements from the opposition Social Democrats as well as church and trade union leaders in recent days, coinciding with the decision to send 18 German fighter aircraft to Turkey.

Islamic states urge meeting

Pakistan, Iran and Turkey yesterday appealed to the secretary general of the Organisation of Islamic Countries to call an emergency meeting to settle the Gulf crisis, Farhan Bokhari writes from Islamabad.

The appeal came at the end of a day-long foreign ministers' meeting in Islamabad. Earlier, Mr Ali Akbar Velayati, the Iranian foreign minister, said that a peaceful settlement of the crisis was still possible. Pakistan's foreign secretary Mr Sheharyar M. Khan said that although 15 January is an important date, it is not the last date as it is possible that even a meeting after that could be fruitful.

The foreign ministers also agreed that regional security is a responsibility for countries of the region to undertake, and placed it as an important principle in a formal declaration.

Earlier, Dr Ali Akbar Velayati, the Iranian foreign minister, said that a peaceful settlement of the crisis was still possible.

France denies reports of peace plan from Saddam

By Ian Davidson in Paris

THE French government has received no indication, direct or indirect, that Mr Saddam Hussein, the Iraqi president, would be prepared to withdraw from Kuwait, senior officials said yesterday.

The officials denied reports in the French press to the effect that the French embassy in Baghdad had received information that President Saddam Hussein had a "peace plan", and was ready to withdraw from Kuwait, or from part of it.

"That is precisely the problem," said a senior French diplomat.

"We see absolutely no sign that Saddam Hussein is prepared to apply the resolutions of the United Nations Security Council."

A spokesman for the Elysée Palace denied the report in the satirical weekly, Le Canard Enchainé, that President Mitterrand had received a message from Baghdad indicating a new Iraqi peace policy.

"We have no message from Saddam Hussein, and no contact," the official said.

The Elysée was adamant that there could be no question of France engaging in any separate negotiations with Iraq, and insisted again yesterday that Mr Michel Vauzelle, the socialist parliamentarian who is currently in Baghdad, had been given no mandate to negotiate and no message to deliver.

Moreover, the government also insisted that there can be no question of compromising on the implementation of the UN resolutions.

In particular, officials stress that a partial Iraqi withdrawal from Kuwait was not acceptable.

However, the Elysée confirmed that President George Bush had telephoned President Mitterrand yesterday to inform him of the American intention to try to arrange a meeting with the Iraqi foreign minister in Switzerland in the period January 7-9.

If such a meeting could be arranged, an Elysée official suggested, it would facilitate a parallel meeting between a representative of the European Community and the Iraqi government.

US says Angolan peace accord possible to end 15-year war

WASHINGTON'S top Africa expert said yesterday that a provisional peace accord to end 15 years of war could be signed by the Angolan government and rebels at talks due later this month in Portugal, Reuter reports from Lisbon.

The accord, including a ceasefire and political principles, would come into effect simultaneously with legal changes that would introduce a multi-party system and allow recognition of Unita (National Union for the Total Independence of Angola) rebels, he said.

"It is quite feasible for everything, ceasefire and basic principles, to be agreed upon and signed, say, at the next round of talks," Mr Herman Cohen, the assistant secretary of state for Africa, said.

"But they would not in effect be applied until everything else is ready, such as the change in the constitution and official recognition of Unita and other parties." Mr Cohen was speaking to journalists in Lisbon in a satellite interview from Washington organised by the US government.

The formula would break a deadlock in five rounds of peace talks hosted by former colonial power Portugal since April between Unita and the MPLA (Popular Movement for the Liberation of Angola) government. A sixth round is planned for later this month and diplomats say it could be the last.

The two sides agree on establishing a multi-party system but disagree on timing. Unita has until now refused to sign a truce until the MPLA grants it official recognition and calls elections soon.

Moscow and Washington, which support Luanda and Unita respectively, have been pushing their allies to end the war. Mr Cohen said the two Angolan foes were close to final agreement, with differences remaining only on the timetable for multi-party elections and the role of foreign governments in helping merge the two enemy armies before a vote.

"I believe they can bridge the gap," he said.

He said it was important that foreign observers should monitor a ceasefire and subsequent elections, saying this had helped the transition to democracy in Namibia, Nicaragua and Zimbabwe.

Both Angolan sides agree that United Nations observers should participate in monitoring, he said, adding that he hoped a UN technician would attend the next round of negotiations.

Mr Cohen said that as well as international assistance, a firm timetable for elections was crucial to ensure the success of a ceasefire after years of hatred and distrust. It should be possible to organise an election within two years, he said.

The US, which currently does not have diplomatic relations with Angola, hopes to establish a liaison office in Luanda after a ceasefire. It would be upgraded to diplomatic mission upon free elections, he said.

Mr Cohen said Moscow and Washington would cease military assistance after a truce but not before as it would favour the MPLA, which last year received $500m of aid, or 10 times as much as Unita.

At a six-day conference which ended on Wednesday, Unita leaders called on Washington and Moscow to play a more direct role at the negotiations in Portugal, which they have been attending as observers.

Papua New Guinea lifts its blockade of rebel island

By Kevin Brown in Sydney

PAPUA New Guinea yesterday announced the unconditional resumption of government medical and communications services with the copper-rich island of Bougainville, where armed rebels have declared independence.

The government cut services and blockaded the island in May in an attempt to isolate the Bougainville Revolutionary Army (BRA) and its supporters after government security forces withdrew from the island.

Since then, the government has faced increasing criticism from Australian-based medical and human rights groups, some of which claimed the blockade had caused widespread preventable deaths among civilians.

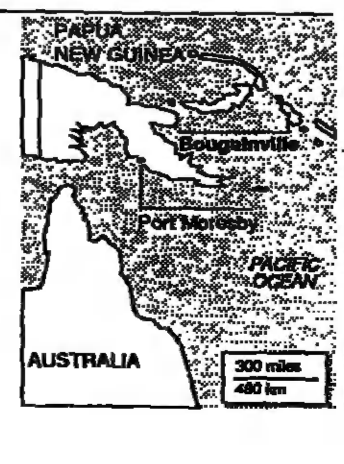
Amnesty International, the UK-based human rights group, also accused government forces of widespread abuses of human rights during a long period of clashes with the rebels which preceded the government withdrawal.

The resumption of services came as a surprise, since the government had repeatedly insisted that conditions on the island were the responsibility of the rebels.

Mr Rabbie Namaliu, prime minister, said the government's action was intended to "alleviate all misunderstandings" about the blockade, which had been necessary to prevent arms smuggling.

Mr Namaliu said he hoped the resumption of services would assist efforts to negotiate with the rebels, who held inconclusive talks with the government late last year on board the New Zealand naval vessel, Endeavour. The secessionist breakaway on the island has stopped production at its copper mine, formerly operated by Bougainville Copper, a subsidiary of CRA, the Australian mining house.

CRA has denied rebel claims it supplied weapons to the Papua New Guinea forces, and has warned that reopening the mine will be difficult even if stability is restored.



Fresh moves to reach foreigners in Somalia

By Julian Ozanne in Nairobi

EUROPEAN nations stepped up efforts to evacuate their foreign nationals trapped in the Somali capital of Mogadishu yesterday, moving aircraft and ships into the region as heavy fighting continued between rebels and government troops for a sixth day running.

President Mohamed Siad Barre, still believed to be pinned down in an underground bunker near the airport, agreed to a sea and air evacuation of the estimated 450-500 foreigners in the city.

But a communiqué issued yesterday in Rome by the rebel United Somali Congress, which controls large parts of the city, said it would only accept an evacuation under the supervision of the United Nations and International Red Cross.

The USC also accused several governments of taking actions which "could be interpreted as an intervention on behalf of a regime already in agony".

France yesterday diverted a warship carrying two helicopters from the Gulf and a logistics ship with two additional helicopters from the Red Sea port of Djibouti to lie off the Somali coast to prepare an emergency evacuation of foreigners.

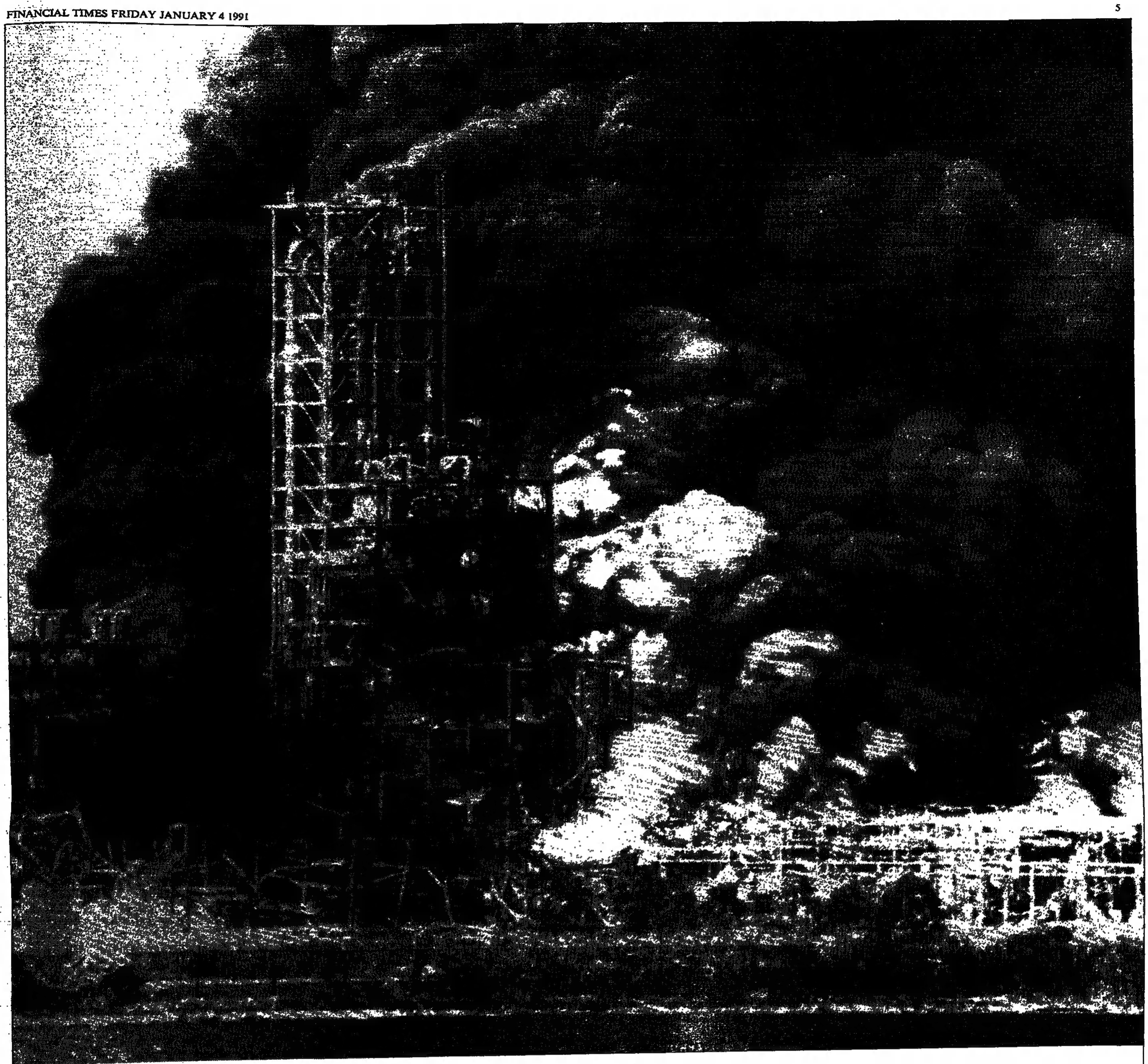
Four Italian aircraft, including two C130 transporters, also landed in Nairobi yesterday and a German air force Boeing 707 was expected late last night.

But without a ceasefire it remained unclear how an evacuation could be organised.

A truce called by President Barre on Wednesday evening went unheeded by the rebels yesterday and gun shots and artillery fire was reported throughout the day.

The USC, one of the five rebel groups fighting to overthrow Mr Barre, also warned yesterday that any unauthorised evacuation operation could "put innocent lives in danger" and it renewed its uncompromising stand towards any form of negotiation with Mr Barre's crumbling regime.

Reports continued to reach Nairobi yesterday of severe food, water and power shortages in Mogadishu and of people trying to flee the city by foot for the relative security of the countryside.



UK NEWS

EC bank rules take UK closer to 1992

By David Lascelles, Banking Editor

NEW EC banking rules were implemented by the UK yesterday, marking further progress towards the single market in financial services.

The Bank of England adopted two EC Directives which govern banks' capital and the size of their balance sheets.

They affect all UK banks as well as building societies, though separate notices will be issued by the Building Societies Commission.

The Solvency Ratio Directive takes effect for all EC members this year. The Directive lays down a formula for calculating how large a balance sheet a bank can run, based on the riskiness of its assets and the size of its capital. It sets a minimum ratio of capital to assets of eight per cent.

The Own Funds Directive says how a bank's capital is calculated.

This second directive does not have to be adopted until January 1 1993, but the Bank's notices yesterday reflected its provisions.

Together, the new rules will create a new capital regime for UK banks. Because they are closely in line with the Basle Agreement on bank capital which has applied to UK banks for the last two years, they will not bring about major changes. But they will affect banks in two ways.

First, there will be tighter rules on the inclusion of unpublished profits in capital, which will concern mainly merchant banks which make transfers to inner reserves.

Second, mortgage-backed securities will receive a 100 per cent risk weighting even though mortgage loans will only be weighted at 50 per cent.

This is expected to affect trading in the mortgage securities market.

However the Bank of England says it will continue to press for a lower weighting on mortgage securities.

Impact on mortgage securities market, Page 18
Background on UK banks and bad debt, Page 15

State-owned power generating company sees savings of £250m

National Power considers importing coal to cut bills

By David Thomas, Resources Editor

NATIONAL POWER, the UK electricity generating company, will save about £250m a year in fuel bills once it is allowed to buy its supplies on the open market – opening the way for increased imports – according to its chief executive.

This would knock about 10 per cent off the the annual fuel bill of National Power, the biggest of the two state owned generating companies due to be sold next month, and would put great pressure on British Coal to cut its own costs.

National Power's fuel, which accounts for about two thirds of its total costs, is almost all supplied by British Coal under contracts due to run out in 1993.

Mr John Baker, National Power's chief executive, is preparing a new fuel purchasing strategy which he intends to put to British Coal this summer.

Instead of the single coal purchase contract which National Power was forced to sign with British Coal by the government, Mr Baker intends to have a range of different contracts with British Coal and foreign coal producers.

The contracts would give National Power "diversified supply and diversified contract lengths," Mr Baker said in an interview.

National Power would expect British Coal to price its coal on a pit-by-pit basis, which would make the costs of the nationalised coal producer more transparent. British Coal at present quotes a single national price.

Mr Baker acknowledged that this would increase the pressure on high cost pits. "It will force them (British Coal) to shape their business to the market," he said.

National Power, which last year burned 47.2m tonnes of coal, is considering investing in three new coal import facilities on Teesside, Humberside and at Milford Haven.

These new facilities could boost National Power's coal import capacity to about 20m tonnes a year and cut its demand from British Coal by almost a half.

The three import facilities would require investment of about £100m, although National Power expects to form joint ventures with other companies to spread the investment costs.

Mr Baker envisages that National Power will have a basket of different coal contracts by the mid-1990s along the following lines. It would contract for about half its supplies three-five years ahead; about 75 per cent would be contracted for two years ahead; and about 90 per cent contracted for one year ahead, with some of the remainder purchased on the spot market.

Stressing that these estimates were approximate, Mr Baker suggested this strategy could save about £250m a year by the middle of the decade.

Savings would be possible immediately after the coal contract ends in 1993. "I would hope to have made significant progress towards a cheaper total fuel bill within three to four years," Mr Baker said.

INSTITUTE OF BRITISH GEOGRAPHERS

Survey finds migration to south of England has come to an end

By Andrew Jack

THE SHIFT of people from the north to the south of England has ceased, despite the perceived economic depression of the north, according to a group of population geographers.

More people actually moved to the north than the south between June 1988 and June 1989. There was a net gain of 7,000 during the period, compared with an historically high loss southwards of 67,000 in 1985-86.

The data comes from NHS patient re-registrations, obtained by Dr John Stillwell, Dr Philip Rees and Dr Peter Boden from Leeds University, in Yorkshire, in the north.

Their research also showed a decline in the movement of people out of metropolitan regions, a trend which characterised most of the 1980s.

But they warned that these patterns would not continue during the recessionary conditions likely in the early 1990s. "The movements happened in the context of economic trends and house prices," said Dr Rees.

The delay before the recession began to affect Scotland accounted for much of the decline in migration southwards, he explained.

Now the northern economy was declining again, the pattern would be reversed. Following the same group of people in 1971 and 1981 Dr Tony Fielding, showed that the trends conceal many variations.

Professionals and managers are more than four times more likely to migrate than blue collar workers, for example, while the unemployed only move at the average rate for the population as a whole.

The academics also called on the government to review its current population projection models, which they said were out of date and did not reflect these new migration patterns.

● EC policies to extend arable farming are doomed to failure, according to a survey conducted by two geographers at the University of East Anglia.

Only 3 per cent of East Anglian farmers are willing to reduce their production at the level of compensation recommended by the EC, they said.

BRITAIN IN BRIEF

UK heads for record TV surplus

Britain is heading for its biggest ever trade surplus in colour television sets, despite the fact that there are no longer any UK-owned TV manufacturers.

In the first 10 months of 1990, colour television exports by foreign-owned, UK-based manufacturers exceeded imports by £151m according to the British Radio and Electronic Equipment Manufacturers' Association (Brema).

Last year's surplus is the result of a flood of investment in the UK by foreign television manufacturers, mostly Japanese, since the mid 1970s. Ferguson, the last substantial UK-owned manufacturer of TV sets, was bought by Thomson of France in 1987.

Walters urges devaluation

Sir Alan Walters, a former economic adviser to Mrs Margaret Thatcher, urged the government to seek a devaluation of the pound in the European exchange rate mechanism to stave off a deep recession.

Sir Alan, a long-standing critic of Britain's ERM entry, said on BBC Radio that without a devaluation the government might have to increase base rates from 14 per cent to up to 18 per cent to keep the pound out of the lower limits in the mechanism.

Nissan UK chief meets lawyers

Mr Octav Botnar, chairman and managing director of Nissan UK (NUK), and other senior executives met the company's lawyers, Herbert Smith, in London to consider taking legal action against Nissan Motor of Japan.

Nissan Motor announced last week that it was to terminate NUK's lucrative concession as the sole importer and distributor of Nissan vehicles in the UK.

Nissan UK, which recently celebrated its 21st year as the Nissan importer/distributor in the UK, was taken by surprise by last week's announcement.

Democrats seek farming reform

The opposition Liberal Democrat party has proposed reforming the European Common Agricultural Policy by moving away from present price support systems and towards market prices. Direct support would be given to promote environmental and social objectives.

Policewoman's case lodged

Britain's most senior policewoman has lodged a formal complaint against her senior officer, the chief constable of Merseyside, in north-west England.

Miss Alison Halford, the assistant chief constable of Merseyside has lodged a formal complaint alleging neglect of duty of care by Mr James Sharples, the chief constable.

Miss Halford is also about to launch an action at an industrial tribunal alleging her career has been hindered by sexual discrimination. She was suspended from duty last month for alleged discreditable conduct, neglect of duty and falsehood following newspaper reports about her.

She has asked the Police Complaints Authority to investigate Mr Sharples' refusal to hold an inquiry within Merseyside police into the source of the newspaper allegations.

Peace prize for Brooke

Mr Peter Brooke, Northern Ireland Secretary, has been chosen to receive a peace prize in the Irish Republic because his efforts have brought new hope to the province.

He has been chosen for the award, made annually by the Tipperary Peace Convention, for his continuing bid to achieve a new political dialogue in Ulster.

Mr Brooke's initiative had "brought fresh hope to the people of Northern Ireland", the convention said.

Reserves fall by $225m

Britain's gold and foreign currency reserves fell in December by an underlying rate of $225m, slightly above market expectations, according to government figures.

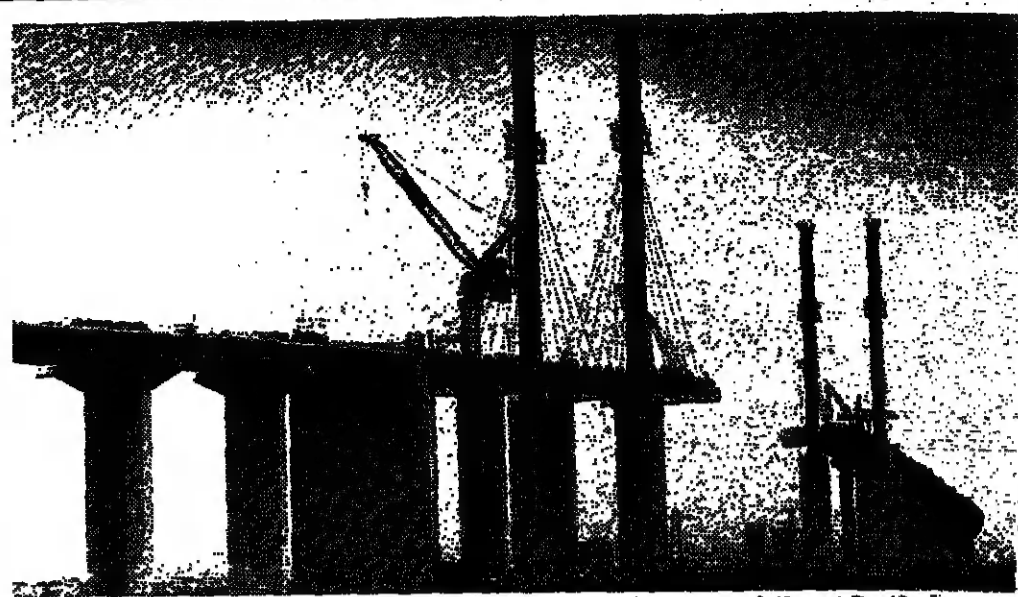
The underlying figure, which is net of borrowings and payments, is a general indicator of the level of intervention by the Bank of England in foreign currency markets in supporting the value of the pound.

Road haulier collapses

John Dee Group, one of Britain's biggest road hauliers, went into receivership yesterday. The company, based in Ferryhill, County Durham, has about 800 employees and an annual turnover exceeding £35m. It invited its bankers to call in the receivers after running into a cashflow crisis. John Dee's failure is of particular concern because transport is regarded as a barometer of business activity in the wider economy.

Tax office ads

The Inland Revenue, which is responsible for tax collection in Britain, has launched a £7m publicity campaign to tell people how to avoid paying tax. The campaign – which involves the Revenue's first ever television advertisments – is pitched at the 15m people, mainly housewives, children and pensioners, who do not pay income tax but receive interest on savings accounts.



Bridging the water: the latest bridge over the River Thames nears completion at Dartford, east of London. The bridge, due to open this year, is designed to relieve pressure on the Dartford Tunnel beneath the river which has become a notorious bottleneck on the M25 London orbital mototrway.

FT LAW REPORTS

Digest of Michaelmas term

R v Secretary of State for Transport, ex parte Factor-Tame Ltd and Others
(FT, October 16)

THE applicants successfully challenged the legality of certain provisions of the Merchant Shipping Act 1988 and the regulations thereunder, concerning the registration of British fishing vessels, on the grounds that they contravened European law. While the preliminary ruling was pending, the Divisional Court allowed their registration to continue but the Court of Appeal held that there was no jurisdiction in English law to grant a temporary injunction against the Crown. On a further appeal to the House of Lords, which sought guidance on whether in such a case European law overrode English law, the ECJ ruled that interim relief could be granted in an appropriate case. After weighing up the evidence, their Lordships held that the balance of convenience came down on the side of the applicants who would suffer obvious and immediate damage if they were not granted the interim relief that they sought.

Compagnie Commerciale Sucres et Denrees v Czarnikow Ltd (FT, October 17)

UNDER the Rules of the Refined Sugar Association, rule 14 provided (1) that that in f.o.b. stowed contracts "the seller shall have the sugar ready to be delivered to the buyer at any time within the contract period", and (2) that the buyers "shall be entitled to call for delivery of the sugar between the first and last working day of the delivery period". In mid-May the buyers gave notice to the sellers to lift full contract quantity, estimating arrival time on 29/31 May 1986. The vessel presented for loading on May 29, but despite the buyers' repeated calls, the sellers did not have the sugar ready for delivery. The arbitrators found for the buyers. The House of Lords, upholding their decision, by a majority stated that, correctly interpreted, rule 14(1) could be restated: "The seller shall have the sugar called forward available for loading without delay...as soon as the vessel is ready to load the cargo..." Moreover the obligation imposed by rule 14(1) was a condition of the contract to have the goods available for loading within the contract period.

In re Norman Holding Company Ltd (FT, October 19)

ON FACTS agreed for the purpose of the present preliminary issue only, (a) H was a secured creditor of the company for £400,000; (b) H was an unsecured creditor of the company for an unspecified sum; and (c) the company was a creditor of H for an unspecified sum. The issue was whether H's secured debt could be reduced by set-off of the unspecified sum it owed the company. The Insolvency Rules gave no clear answer to the question whether or not set-off operated against a secured debt. Rule 4.90 affected debts proved in the liquidation and did not affect debts that were elected not to be proved therein. Thus, Mervyn Davies held, the position was that a creditor with two debts, one secured and the other unsecured, was obliged to submit to set-off in respect of his unsecured debt, but was not obliged to submit in respect of his second debt because for that debt he was not proving in the liquidation.

Hyundai Merchant Marine Company Ltd v Gesuri Chartering Company Ltd
(FT, October 23)

BY LINE 14 of the charterparty owners agreed to let "about minimum 10 months, maximum 12 months times charter, exact duration in charterers' option". By line 15 charterers had a "further option to complete last voyage within below mentioned trading limits". On May 6 1988 the charterers concluded a voyage subcharter, which if performed, the vessel would have been redelivered to owners no earlier than about July 19 1988. On May 17 the owners called for voyage orders which would enable the vessel to be redelivered within the charter period, or alternatively for payment of hire at an enhanced rate for the duration of the voyage outside the charter period. The charterers accepted neither condition and the vessel was withdrawn by the owners. The charterers now sought to reinstate the arbitrators' decision that they were entitled to give those orders. Upholding their decision against Mr Justice Saville's reversal, the Court of Appeal stated that in line 15 of the charterparty, in the absence of any contrary indication, "last voyage" was read as meaning "last voyage under the charterparty". Line 15 gave the charterers the right, additional to the right in line 14, to require the owners to complete a legitimate last voyage free of liability in damages in respect of the period between final terminal date and redelivery.

Hallen Company and Another v Brabantia (UK) Ltd
(FT, October 24)

HALLEN were patentees and manufacturers of corkscrews marketed in the UK and elsewhere under the name "Screwpull". The issues in proceedings by Hallen against Brabantia before Mr Justice Aldous were infringement and the validity of the patent. Hallen's alleged invention comprised the application of a friction-reducing material to the helix of a self-puller. Brabantia's contention was upheld that the invention was not patentable as it was "obvious" to a person skilled in the art having regard to any matter which forms part of the state of the art..." (section 3, Patents Act 1977). Dismissing Hallen's appeal, the Court of Appeal stated that the court had to assume the mantle of the normally skilled but unimaginative addressee in the art at the priority date and to impute him what was, at that date, common general knowledge in the art in question (see Winsurfing International [1985] RPC 59, 73, 74). The judge held that on the evidence it was obvious that once the idea of coating a corkscrew with PTFE was known to improve penetration by one type of corkscrew, it was self-evident that it would improve penetration by any corkscrew.

Armour and Another v Thyssen Edelstahlwerke AG
(FT, October 26)

THYSSEN carried on business in West Germany as manufacturer and supplier of steel while Carron's business at Falkirk was manufacturer in general engineering products. The contracts of sale between them were subject to Thyssen's General Conditions, clause 1.3 (1) providing: "All goods delivered by us remain our property...until all debts owed to us including any balances existing...are settled..." Receivers of Carron's assets were appointed under a floating charge in favour of two banks at which time, steel strip had been delivered under the contracts but the invoice price had not been paid. The Second Division found in favour of the receivers, as had the Lord Ordinary, that clause 1.3(1) constitute d an attempt, ineffective under the law of Scotland, to create a right of security over corporeal moveables without transfer of possession; the property in the steel strip thus had passed to Carron on delivery. Allowing Thyssen's appeal, the House of Lords held that. Carron could only retain an ultimate right to the goods if the contract of sale gave it the property in the goods, but it specifically provided that it was not to pass until all debts had been paid. There were no grounds for refusing to give effect to the parties' clear intention.

Morgan Crucible Co v Hill Samuel Bank Ltd and Others
(FT, October 30)

Morgan Crucible had been refused leave to amend their pleadings in a negligence claim against the financial advisers, the auditors and the chairman and directors of a target company, for financial statements and material put out in circulars and recommendation documents which were allegedly seriously misleading. The amendments intended to restrict the claim to representations made after the bid and during the takeover battle in the light of the House of Lords decision in Caparo Industries v Dickman [1990] 2 WLR 358 which concerned the duty of care to a potential takeover bidder. Allowing the appeal, the Court of Appeal held that it was at least arguable that the present case could be distinguishable from Caparo. On the assumed facts the directors, in making the representations, were aware that Morgan Crucible would and did rely on them for the purpose of deciding whether to make an increased bid, and intended that they should. In those circumstances, subject to questions of justice and reasonableness, it was plainly arguable that there was a relationship of proximity between the directors and Morgan Crucible, sufficient to give rise to a duty of care.

Avivia Golden

Hazel Duffy reports on the factors that influence companies when they are planning inward investments in the European Community

Sophistication enters the search for ideal locations

The Californian-based Intel Corporation took just three months between making its decision to set up its first European manufacturing base and choosing the location. The clinching factor in plumping for the Republic of Ireland was the small group of intelligent 18-year-olds which the Industrial Development Authority produced from schools in a town near Dublin which was being considered by Intel.

"They probably had no idea how influential they were," Keith Chapple, Intel's director of corporate marketing, told a seminar recently. He provided a rare insight into the way an international company goes about selecting the country to receive its investment.

Intel has plants in Singapore and Puerto Rico, which it describes as "very efficient. But we were late in deciding to go into Europe". The plan was to set up a $30m plant where the computers would be made, followed by a $300m silicon wafer fabrication.

A 16-strong taskforce was set up, which included production managers, engineers, and the two prospective plant managers. They spent three weeks visiting France, Germany, Spain, Ireland and the UK. They wanted to know about labour relations, demographics, skills, site availability, the environment, and incentives – "not the be-all and end-all, but they can tip the balance," says Chapple.

Needless to say, costs were vital in the decision. And they did not want anything about the search to appear in the press.

The choice ultimately lay between Scotland, Wales and Ireland. Other things being equal, the factors tipping in Ireland's favour, as well as those 18-year-olds, were not particularly "scientific – it's a neutral kind of country, we felt they are pioneers, like us".

Also earlier this year, Swiss-based Schindler Lifts was looking to expand. It was going for something much smaller, a £500,000 software research and development facility. Setting up a completely new facility in an area which had the skills on tap was a logical step. It chose Livingston, in Scotland.

Within hours of declaring its interest, "we got a customised brochure from Locate-in-Scotland (the inward investment arm of the Scottish Development Agency and the Scottish Office), a telephone conference was arranged, and there was an immediate offer of grants," Gordon Stuart, the manager in charge of research and development (UK), told the seminar.

A two-day visit to universities in the area, and other software organisations, confirmed for Schindler that the infrastructure was right. But, Stuart admitted, it also helped that he is a Scot.

Competition between the regions of the European Community to attract foreign investment is intensifying in the run-up to 1992. More and more foreign investment is in the form of acquisitions and mergers – particularly among countries of the European Community. In this case location plays a less critical role than the presence of a suitable company with which to merge.

The "greenfield" operation is one where companies theoretically enjoy the greatest flexibility, whether it is manufacturing, distribution, European headquarters, or research and development.

Companies are increasingly sophisticated in the way that they go about choosing a location. Big corporations may well have a person designated to keep a watchful eye on the various regions, even if they are not considering a move.

In contrast to the examples above, Japanese companies will often take many months, even years, to consider all the pros and cons of a place. They can make some surprising requests. When it was looking for its first European assembly site Toyota wanted to know about the likelihood of earthquakes in the Derbyshire area, and the levels of violence, measured by local crime statistics.

In the past, a lot of companies went to places they now judge to have been wrong. In private, many US companies in Europe say that if they had the opportunity to choose all over again, they would not have gone to the place from whence they are now operating.

A new study conducted by Ernst & Young's management consultancy wing, and published by Corporate Location Europe, tries to sort out some of the facts from the glossy publicity which regions and countries resort to in bidding for the inward investor.

The study ranks the top quartile (16) EC regions in terms of what they have to offer, according to what sort of project the investor wants. For instance, for a company planning to set up a research and development centre, the ranking has been worked out on the basis of: skill levels, especially relating to university education and high technology skills; reasonable international transport and telecommunications links; the possible availability of financial incentives and a location relatively central to its main markets.

(These factors were selected because they were cited most often by clients of the consultants' location service. So there is a qualitative as well as quantitative dimension to the selection process.)

The regions of Brussels and Flanders in Belgium, Hamburg, and Hessen (in the middle of Germany), Ile de France (which includes Paris), Ireland, Luxembourg, north and west Netherlands, and the south-east in the UK, all score well on the critical factors.

A big energy user will want to know where costs are lowest. Regional differences within countries are mostly slight, but between two regions across a border it can be a very different picture. Electricity costs in North Brabant, a sub-region in the south east of the Netherlands, for instance, are 40 to 50 per cent lower than in German regions across the border.

For some companies, these considerations could pale if the corporate tax structure of the region which scores highly on certain factors is not favourable.

Using a model from the Institute of Fiscal Studies, the study tries to put the total tax system into the context of national rankings – for instance, the treatment of foreign source income accruing in the form of a dividend, as well as the tax rate. The company will need to make its assessment in the light of various corporate tax directives emanating from Brussels.

For companies where labour is all-important, the regions of southern Europe and Ireland are the most attractive. They also offer the biggest financial incentives to incoming companies, which is of considerable importance still to companies making relocation decisions.

In the south east, east Midlands, and south west of the UK, West Berlin, Hessen, Baden Wurttemberg and Hamburg in Germany, Luxembourg, and Lombardy in Italy, labour shortages threaten. Taking labour costs into account as well, the German regions, Luxembourg and the Ile de France are least attractive.

These drawbacks are not in themselves enough to outweigh the attractions of such areas. Access to the core markets of the EC – which Germany provides, for instance – may well be considered by a non-EC company to be more important than having to bear high labour costs. Growing congestion in leading European cities, however, and high property costs, does militate against locating a new operation in such places.

Meanwhile, the high-tech growth areas in Europe tend to follow the sun: Catalonia, the south of France, Lombardy, and southern Germany, which succeed in attracting the top footloose technologists as well as the mobile investor.

For a company which wanted to be part of the new economic growth regions of Europe, however, parts of Portugal and Spain, and Ireland, which have achieved the highest growth rates in the last few years, might well beckon.

The increasing competitiveness of European business makes it more important than ever for companies to get their location policy right. But it is also a very difficult decision to get right. Jean Baillod, director of corporate development Europe at Hewlett-Packard, a leading US computer and communications group, spelt out recently the locational implications of the growing threat to US computer makers in Europe from the Japanese, and the single European market.

The company's policy has long been to "invest close to our customers – it allows us to understand their needs better," he told a recent seminar of the European Research and Industrial Development Organisation. The company has 500 offices in over 100 countries.

But Baillod admitted that "fragmentation of investment is a headache". At the same time, the prospect of Europe without frontiers poses the possibility that it be treated as one trading bloc.

Companies have different priorities; this is reflected in the way they approach the location question. Another US computer group, Apple, is looking for an operations centre from which to cover southern Europe. It already manufactures in Ireland, and has its European head office in Paris.

"We evaluate the regional development authorities," says Hugh McCann, manager of operations strategy, Europe: "Are they pro-business, do they have a coherent development strategy, are they selective in the companies that they take, are they customer oriented or bureaucratic? . . Companies like us love people who can clear them through the red tape – excessive paperwork is very costly."

The relations between state politicians and the central government are important, because Apple wants to locate in a region in southern Europe which is going somewhere, not one that stagnates in political struggle. It is not a factor which can be quantified as such, but, like those young Irish people, it could be the one that clinches the deal.

Improving skills tops the list

Simon Holberton reports on the motivation of Cranfield's MBA graduates

People who want to acquire a masters of business administration qualification have two options: give up their current occupation and enroll in a full-time course of usually a year's duration, or enter a part-time two-year course.

Those who can afford to be without an income for a year or so, are not particularly attached to their current employer and see an MBA as a vehicle to a brighter future tend to choose the first option.

As a forthcoming study* from the Cranfield School of Management shows, those who choose the part-time route tend to be more stable and attached to their current employer. As students, these MBA graduates were less interested in changing their circumstances than in personal development.

Cranfield's executive MBA will be 10 years old in 1991. To coincide with that anniversary it surveyed its graduates from the first nine years to assess their motivation for taking an MBA degree, their career development after graduation and their views on the future.

Of the 390 who have graduated over the past nine years, 42 per cent replied to the survey. The majority graduated in the past 5 years; 60 per cent were aged between 31 and 38 years; 14 per cent are female.

The survey asked its respondents to rank the relevance of nine criteria to their decision to study for an MBA. At the top of the list came acquiring new skills and improving management skills. An increase in income came fifth, while a desire to change job function or changing career came seventh and eighth respectively.

The conclusion that these MBA students were attending Cranfield for their own personal development is further reinforced in responses concerning the student's employer. The survey found that 79 per cent of respondents stated that what their employers wanted them to do was not very relevant to their decision to study for an MBA.

The low priority attaching to the employer is all the more interesting given the finding that employers paid the fees of 60.5 per cent of respondents and assisted another 29 per cent in their study at Cranfield. Given this financial interest on the part of employers the survey shows that they had a limited interest in where their executives studied; only 3.8 per cent of respondents listed the employer as the main reason why they attended Cranfield.

Employers appeared successful in retaining employees studying at Cranfield; 72 per cent remained with their employer. The survey suggests that only 28 per cent of respondents were still with their sponsoring employer and, of the rest, 34 per cent had changed jobs once and 26 per cent twice. The overwhelming reason for job change was "more challenge" with "financial reward" coming second. But this indicates a greater rate of change of company than may have occurred. Professor Leo Murray, the head of Cranfield, says that analysis of the questionnaires suggested that around 50 per cent of graduates were still with their sponsoring company.

So where was the value in doing an MBA? Respondents listed six benefits, of which two "hard" skills – long term planning and objective analysis – came first. What are the skills needs of the future? People management; international management (especially languages); ethics and technology. These seem to be mostly the "soft" management skills, but their citation shows that, if nothing else, Cranfield's graduates are in step with the mood of the 1990s.

Ten Years of Executive MBAs, Cranfield School of Management, Cranfield, Bedford MK43 0AL.

ACQUIRED
- *Long-term planning*
- *Objective analysis*
- *Learning from peers*
- *Personal development*
- *Man management skills*
- *Understanding integrated, cross-functional management*

REQUIRED
- *People management skills*
- *International management*
- *Ethics/political management*
- *Technology management*

David Fishlock argues that Britain needs to exploit more vigorously its medical engineering skills

An industry in need of surgery

The first man-made hip-joints squeaked. A famous British orthopaedic surgeon cured the squeak by introducing a material that is intrinsically slippery, called polytetrafluoroethylene (PTFE). But it wore out too quickly. He replaced PTFE with ultra-high molecular weight polyethylene and his invention has not been bettered for nearly 30 years.

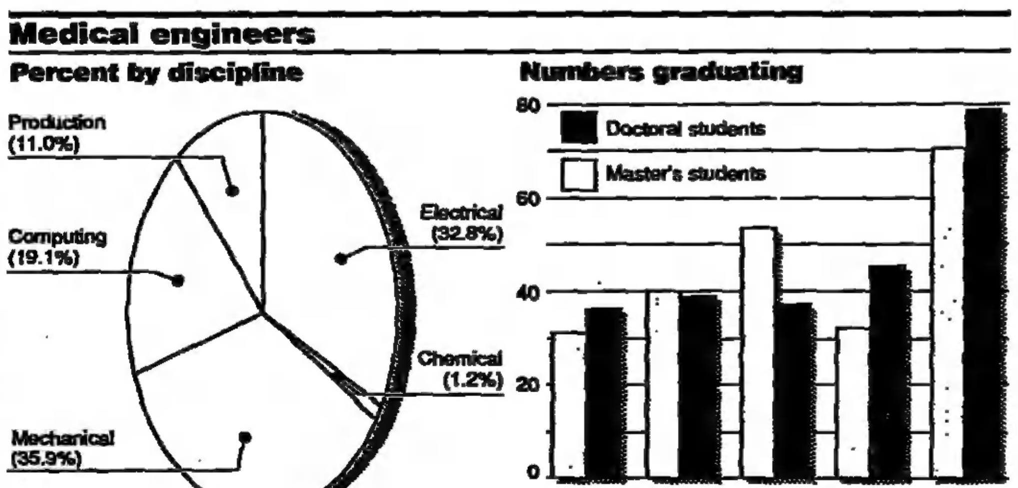
British inventors have been responsible for some of the great innovations of medical engineering, including the Nobel prize-winning X-ray brain scanner; and the Charnley hip joint, which British surgeons implant at the rate of more than 40,000 a year. World-wide, the total is more than 300,000 a year. One day robots programmed by surgeons may perform this and many other routine operations.

Yet despite its creativity Britain commands only about 4 per cent of the world market for medical engineering products. In 1985 it earned less than £1bn of a world market worth £19bn, and its best-selling line was the technology of wound dressings. But in sales, hip joints come third, after contact lenses.

At the other end of the spectrum, magnetic resonance imaging (MRI), a complex computer-based system, although invented in Britain is neither manufactured there nor enjoys a significant UK market. Los Angeles alone has nearly three times as many of these £1m body scanners as the whole of Britain. Japan has 4,000 compared with Britain's 25.

On present evidence, such technical developments as the next generation of diagnostic imaging using positron emission tomography (PET) and perhaps a miniature superconducting cyclotron to make the short-lived radio-isotopes it requires, seem no less likely to be exploited by overseas firms. Amerlite, a world-beating concept for medical laboratory instrumentation invented by Amersham International, is being sold to Kodak because the US group has the resources to continue developing a technology which threatened to bankrupt Amersham.

Medical engineering is not easy to define. Would you, for example, include a technology that makes life easier for people fearful of computer keyboards, by making it possible for computers to read handwriting or sketching as Plessey (now GEC) scientists claim they have done? They hope to apply it to personal computers.



Medical engineering is defined more narrowly by the Science and Engineering Research Council as the "application of engineering principles to the provision of health-care". It is an aspect of advanced technology with none of the "social handicaps" sometimes cited to explain British industry's failures in nuclear and military technology – even biotechnology.

It has a wholly benign image finds the Fellowship of Engineering, the club of Britain's top professional engineers. They cite the example of how the physics of lasers may succeed where traditional scalpels have failed to remedy such distressing social problems as disfiguring birthmarks and unwanted tattoos.

In 1987, the Fellowship of Engineering asked Duncan Dowson, who heads mechanical engineering at Leeds University, to undertake an inquiry into medical engineering and its future needs for education and research. The Dowson study drew on earlier reports, notably one from the (then) Advisory Council for Applied Research and Development (Acard) in 1986, which highlighted the dominant influence of National Health Service purchasing in Britain, and recommended much more government support for R&D.

Early in 1987 the Fellowship of Engineering responded to the House of Lords select committee's inquiry into medical research priorities by suggesting that low investment and too small a home market were hampering British firms. That year the club devoted its annual soirée to medical engineering.

The Fellowship of Engineering has voiced such worries as the fragmented industrial base and the unco-ordinated nature of the research being done in universities. Career structure, pay and grading of clinical engineers within the Health Service also cause concern.

The Dowson report* does nothing to allay such worries. Rather, it puts flesh on suspicions. For example, it finds that Britain imports about 60 per cent of its medical engineering requirements, ranging from 45 per cent in the case of "disposables" such as wound dressings and syringes, to 80 per cent of electro-medical (particularly X-ray) equipment.

The UK market grew by one-third between 1985-88, from about £680m to £900m, but this merely served to increase demand for imports.

The 1986 Acard report estimated there were about 1,000 companies engaged in medical devices in the UK, of which 79 per cent employed fewer than 20 people, and only 1 per cent employed more than 500.

Dowson provides from his own research an illustration of the complexity and inter-disciplinary nature of medical engineering, and the paramount importance of understanding the complete system even when trying to improve what seems to be a relatively simple component. Hip joints still wear out much faster than laboratory testing predicts. One reason is lubrication, which nature does differently from the engineer. This leads to the notion of trying to imitate the natural lubricating properties of cartilage.

The Dowson study surveyed 50 UK medical engineering companies, with turnovers that ranged from £100,000 to £85.4m, of which 18 said they had entered the market because of the opportunities it offered. It concludes that there are many small "niche market" manufacturers who have "difficulty achieving growth or an international presence".

Despite often daunting technical demands, the medical engineering industry employs few graduate engineers, a trivial 2.7 per cent of the staff of companies surveyed. Only one-third of these firms sponsored students, and only 38 per cent offered apprenticeships. Over the past five years a total of only 236 doctorates have been awarded by the nine British universities which cater for medical engineers.

As for reasons why Britain failed to offer a viable business base, 17 companies said the market was too small (the study failed to put a figure to NHS purchases of medical engineering); and eight criticised the way the NHS plays its role as dominant purchaser, for example for funding only small amounts of research and for favouring "conservative influences of the medical profession" in its choice of equipment to buy.

The Dowson report estimates that Britain is spending about £77m a year on research and development, of which companies making medical devices contribute some £60m. Another £9m comes from various government sources (including the Department of Health), and £1.2m from assorted medical research charities.

The report contrasts Britain's R&D investment with Japan's, where the government (MITI) has initiated three national programmes of basic research into biomaterials for which £343m have been allocated over 10 years. Dowson concludes that British R&D in this field is "probably inadequate to fuel the explosion of interest in the field".

The broad impression given by the Dowson report is of a technology in which Britain excels, underpinning an industry which fails to understand the complexity of trying to marry biology and engineering, in pursuit of a global market, and is under-resourced on almost every count.

Dowson believes that it should be possible for Britain to justify some priority for medical engineering "on the grounds of demonstrable relief of suffering or on economic grounds for a viable industry".

**Report of the working party on medical engineering. Available from The Fellowship of Engineering, 2 Little Smith St., London SW1P 3DL. £14 95.*

Pointing a finger at security

THE fear of computer crime has persuaded many companies to look at a variety of equipment to identify employees entering buildings – from magnetic cards to retina scanners. Now Toshiba has developed a prototype finger print verification unit which, it claims, is quick to use and has achieved an accuracy of 99.9 per cent.

The machine achieves such accuracy because it processes images of the entire bottom-side of the finger – not just the finger tip. (The finger-joint line pattern is the second most noticeable pattern found on human fingers.)

To use the system the employee places his or her finger over a lightbox. A camera in the box sends a black and white image of the finger to a signal-processing unit, which converts the density of each picture element into a numerical value. By adding up the numbers a wave pattern representing the finger's unique characteristics can be produced. This is then compared with patterns held in store, thereby identifying the person.

● AS high-tech office equipment gets smaller it becomes easier to steal, creating a growing need for high-tech security measures.

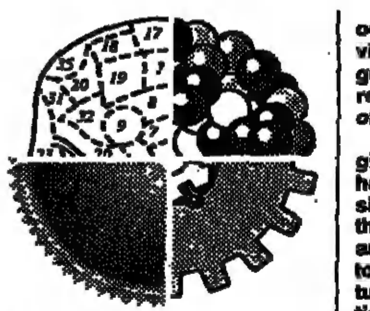
Team Electronic Asset Management, of London, has developed a system where a tiny battery-operated tag is placed in each piece of equipment. Once the tag comes within six feet of a wired door frame the tag sounds an alarm and activates a closed circuit television system to catch the thief.

Ink that can stand the heat

ONE of the big problems about ink jet printers is that the print can cause smudgy fingerprints in warm weather. To overcome the problem printer Maker Hewlett Packard and ICI Colours and Fine Chemicals have developed a smudge-resistant ink.

As the basis of the ink the two companies selected a black food dye commonly used in sweets such as wine gums. Then they set about altering the dye so that it was soluble in the ink well but insoluble on the paper.

The scientists discovered that computer print-out paper tended to be slightly acidic, so the companies redesigned the dye molecule to make it soluble in alkaline solutions but insoluble in acidic ones. As a result, when the ink is in contact with the paper the dye is quickly precipitated.



WORTH WATCHING

by Della Bradshaw

Blocking plastic's escape route

THE ubiquitous PVC plastic has one major drawback – it is made of a brittle polymeric substance that has to be mixed with plasticising agents to make it flexible. But over time these agents escape, leaving the plastic easily breakable.

To prevent this the Weizmann Institute of Science, in Rehovot, Israel, has developed a solution to prevent the escape of these agents. Plastic items can be dipped into the liquid solution which changes the surface of the PVC by triggering a cross-linking of the polymer molecules. This transforms the plastic surface into a tight net which blocks the escape of the plasticising agents.

The institute believes the technique could mean materials now made from expensive substances could be replaced by cheaper plastic ones. In particular, oil pipelines and containers could be made of PVC for the first time – such solvents traditionally accelerate the escape of the plasticising agents.

Video recorders watch the clock

A GROWING number of professional interest groups, such as doctors, are sending television programmes overnight so that members of the group can record them on video. But this produces the same sort of problem as occurs when programming videos generally – if the programme starts late, the recorder chops off the end of the programme.

To help prevent this Ferroglen Research, of Croydon, has developed a paperback-sized box which plugs into the back of the video recorder and constantly examines the top line of the transmitted picture which contains information on the programme. The Videolink box can be instructed to sift out specific programmes, and turn the videorecorder on when the programme starts and off when it finishes – provided the broadcasters send the correct code.

Eventually the inventors believe the system could be used to enable domestic TV watchers to record the correct programmes, once the broadcasters decide to send the appropriate information. The Videolink box costs about £40.

Technology sold as a franchise

FRANCHISING is a business technique usually reserved for fast food chains, but now a technology transfer company is getting in on the act.

The Technology Broker, of Palo Alto, California, and London, is setting up 15 franchises around the world to bring together technology and companies that can use it. The ideas will be pooled and then each local franchisee will decide whether there is a client in their area to target the technology.

Calling in fancy phone cards

THE latest collectors' item in Japan is the phone card, and the prettier the better.

The latest one incorporates a holographic image of Kyoto's Kinkekuji Temple, developed by the UK company Light Impressions, of Leatherhead. The temple appears to spin round as the viewer looks at the card.

The cards are aimed more at the tourist than at the serious phone user. Although they have a phone value of Y500, they sell for Y1,600.

Contacts: Toshiba: Japan, 03 457 4511. Team: UK, 071 712 9505. ICI: UK, 071 834 4444. Weizmann Institute: Israel, 08 343512. Ferroglen Research: UK, 081 680 7722. Technology Broker: US, 415 324 3425; UK, 071 323 0339. Light Impressions: UK, 0372 386677.

BUSINESSES FOR SALE

LEGAL NOTICES

No. 0010083 of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR JUSTICE MORRITT
IN THE MATTER OF CHEMICAL SECURITIES LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 17th December 1990 confirming the reduction of the capital of the above-named Company from £60,000,000 to £45,174,324 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of companies on 19th December 1990

DATED the 19th day of December 1990

Slaughter and May. (FWN/JMDE)
35 Basinghall Street,
London EC2V 5DB

Solicitors for the said Company.

No. 009900 of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR. JUSTICE MORRITT
IN THE MATTER of PWT WORLDWIDE LIMITED
- and -
IN THE MATTER of THE COMPANIES ACT 1985

NOTICE IS HEEBY GIVEN that the Order of the High Court of Justice Chancery Division dated 17th December 1990 confirming the reduction of the capital of the above-named Company from £20,500,000 to £1,000,000 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of companies on 19th December 1990

DATED the 19th day of December 1990

Slaughter and May. (FWN/JMDE)
35 Basinghall Street,
London EC2V 5DB

Solicitors for the said Company

No. 0010082 of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR. JUSTICE MORRITT
IN THE MATTER OF CHEMICAL BANK INTERNATIONAL INVESTMENT HOLDINGS LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 17th December 1990 confirming the reduction of the capital of the above-named Company from £50,000,000 to £42,416,200 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 19th December 1990

DATED the 19th day of December 1990

Slaughter and May. (FWN/JMDE)
35 Basinghall Street,
London EC2V 5DB

Solicitors for the said Company.

No. 009898 of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR. JUSTICE MORRITT
IN THE MATTER of PWT PROJECTS LIMITED
- and -
IN THE MATTER of THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 17th December 1990 confirming the reduction of the capital of the above-named Company from £18,095,000 to £5,000,000 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of companies on 19th December 1990

DATED the 19th day of December 1990

Slaughter and May.(FWN/JMDE)
35 Basinghall Street,
London EC2V 5DB

Solicitors for the said Company

No 009935 of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF BALTICA INSURANCE COMPANY (U.K.) LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 10th December 1990 confirming the reduction of the Share Premium Account of the above named Company by the sum of £9,415,531 was registered by the Registrar of Companies on 20th December 1990. (Dated this 4th day of January 1991).

Ince & Co. Knollys House,
11 Byward Street,
London EC3R 5EN
Ref. NSBG/VAS/58/67

COMPANY NOTICES

YORKSHIRE INTERNATIONAL FINANCE B.V.

NOTICE IS HEREBY GIVEN that the Annual Report and Accounts for the period ended 30th September, 1990 are available from Yorkshire Bank PLC, 56-58 Cheapside, London, EC2P 2BA. The Annual Report and Accounts of Yorkshire Bank PLC may also be obtained from this address.

ARTS

'Nutcracker' triumph for Birmingham Royal Ballet

BIRMINGHAM HIPPODROME

The latest entry in the seasonal *Nutcracker* stakes [illegible] Peter Wright's brand new production for the Birmingham Royal Ballet. It has the qualities needed for [illegible] winner – simplicity, charm, a sense of emotional warmth, stylish interpretations, and *superb design – and is plainly* going to become a happy part of Birmingham's Christmases for years to come. It aptly reflects, I think, the wonderful potential for the company's new regional existence, audiences and [illegible] becoming jointly identified with an ideal of a ballet troupe and its repertory. And how [illegible] to be able to recommend a [illegible] will delight children and their parents alike.

The style of the staging [illegible] different from Wright's more "authentic" Cove[illegible] Garden version. He has updated the action to the end *of the last* century, and provided a different thread on which to hang the story. Frau Stahlbaum is now a former ballerina (a role graciously taken on Wednesday by Margaret Barbieri), with Clara [illegible] teenage dance student dreaming of following in her mother's steps. Drosselmeyer becomes a conjuror invited to th[illegible] children's party – and able to perform various cunning tricks – who serves as [illegible] tour-guide [illegible] the divertissements of the second act.

The real point [illegible] this [illegible] lies in the abilities *of Peter Wright* and John Macfarlane, the designer, to enchant us, and they [illegible] most handsomely. The Stahlbaum house [illegible] welcoming, the costuming attractive – the women in bustles – and the proper theatrical magic arrives when, at midnight, the drawing-room assumes gigantic proportions as part of Clara's dream, and a cohort of unlovely rats emerge from the fireplace. Thence we proceed to a Kingdom of Snow which is an exquisite realm [illegible]f frosted, snowy branches, and for the second [illegible] are taken to a mysterious palace whose towering columns still dwarf Clara.

It is all brought off with felicitous elegance. Macfarlane's designs are everywhere beautiful (the snow-scene [illegible] triumph); Wright's new dances are *happy (he sensibly retains the Ivanov* grand pas de deux), and in the case of the snow-flake and flower waltzes are imaginative in [illegible]ttern and most fluent [illegible] craft.

The staging centres upon Clara. She is old enough to be able to dance seriously with the Nutcracker prince and to join in [illegible]in [illegible]f the divertissements, and on Wednesday Sandra Madgwick brought a beguiling sensitivity both to dance and to playing, a girlish characteristion sustained without any sickliness, and the dancing touched with real joy. The ensemble playing was every*where excellent – eager, fresh –* and though I believe the pit and the pendulum [illegible] always preferable [illegible] the second act divertissements, there is the consoling prospect of the grand *pas de deux. With Miyako Yoshida* and Petter Jacobsson, it received [illegible]iest treatment. Yoshida was fast, [illegible]t, dazzling; Jacobsson a prince in deportment and in dancing, and a figure of the right glamour to delight the young Clara in the brief but touching duet that precedes the snow-scene.

Chaikovsky sounded very well from [illegible] Royal Ballet Sinfonia under Anthony Twiner. *My one complaint* abo[illegible]t the staging concerns two cruel alterations to the second act score, where a nasty cut and a brutish interpolation destroy musical sense. Something better [illegible] next [illegible], please. In all other respects, Birmingham must be very happy with this *[illegible]cracker*, which is owed [illegible] the [illegible]ous sponsorship of Powergen, while [illegible] the support of Midland Bank.

Clement Crisp

Green Fingers

KING'S HEAD THEATRE CLUB, ISLINGTON

This is not the Newcastle upon Tyne that you normally see on stage and screen. The lady barrister hopes that the court will [illegible] early [illegible] that she can [illegible] and play squash in Carlisle. She is also shortly giving up the bar, ha[illegible] bought a farm in Tuscany where she hopes [illegible] able [illegible] live in greater freedom than in England with her *friend – Julia.*

The male barrister is rather [illegible] northern conventional. He [illegible] homosexuality, but [illegible] he fails to speak with a Geordie [illegible]. No-one mentions St James's Park [illegible] the foot ball team that plays there; only [illegible] other par[illegible] behind [illegible] ground. There [illegible] a line about the river: "When the mist rises [illegible] Tyne, you can hear drowned men crying out." But the voices [illegible] the men crying out might just as well [illegible] Scottish [illegible] English.

Perhaps it takes [illegible] Devon man to see that. Michael Wil[illegible], the writer of *Green Fingers*, was born in Totnes, edu[illegible] in London and went to Newcastle to teach. Totnes must be about th[illegible] [illegible] distance from [illegible] English capital [illegible] Newcastle. The novocas[illegible] [illegible] with Glasgow and Edinburgh than with the English south east. If there [illegible] to be an Anglo-Scottish border, it [illegible] Tyne rather than [illegible].

Green Fingers has other merits beyond being right about [illegible] social geography. It is in many [illegible] court [illegible] and makes many of the conventional jokes of the genre, like [illegible] judge intervening [illegible] he [illegible] heard [illegible] everyday term *used in* [illegible] *judge* [illegible] a joke figure: he does [illegible] best [illegible] administer justice. [illegible]ilarly, [illegible] police sergeant [illegible] up his evidence in *court, as the police so often do.* Yet Wilcox lets him off with a caution rather than mount an anti-police tirade. Very [illegible] about this play is crude.

Green Fingers [illegible] *homo*sexuality – and fear. "Are [illegible] any [illegible]" somebody asks. Well yes, plenty. There's the headmaster – "Fred [illegible] *Head*" – [illegible] man from the BBC for a start, though neither appears. Instead there [illegible] mixture of working class youth from Scotland and what looks like [illegible] money in Northumberland. *They frequent the gay bars*, the richer brethren leaving their BMWs parked at a dis[illegible] in order not to be spotted b[illegible] the police.

The term [illegible] fingers applies [illegible] much [illegible] gardening [illegible] filching. One of the offending youths wants [illegible] turn Newcastle into "a [illegible] of colour for 12 months of [illegible] year". He means [illegible] flowers and the plants rather [illegible] the bright lights. Being named [illegible] garden centre, however, as was [illegible] on the south side of the Tyne, obviously brings with it a [illegible] corruption. Big money moves in, some [illegible] it from Glasgow, which [illegible] a garden centre. This is the sort of patronage well enough known in the north east.

The play is basically a comedy which deals sensitively with homosexual relationships. O[illegible] scene [illegible]ds the [illegible] introduces [illegible] degree of viciousness, blackmail and [illegible] drugs that [illegible] uncalled for. The message that homosexuals still live in some fear is already there [illegible] all to see. The scene should probably be removed.

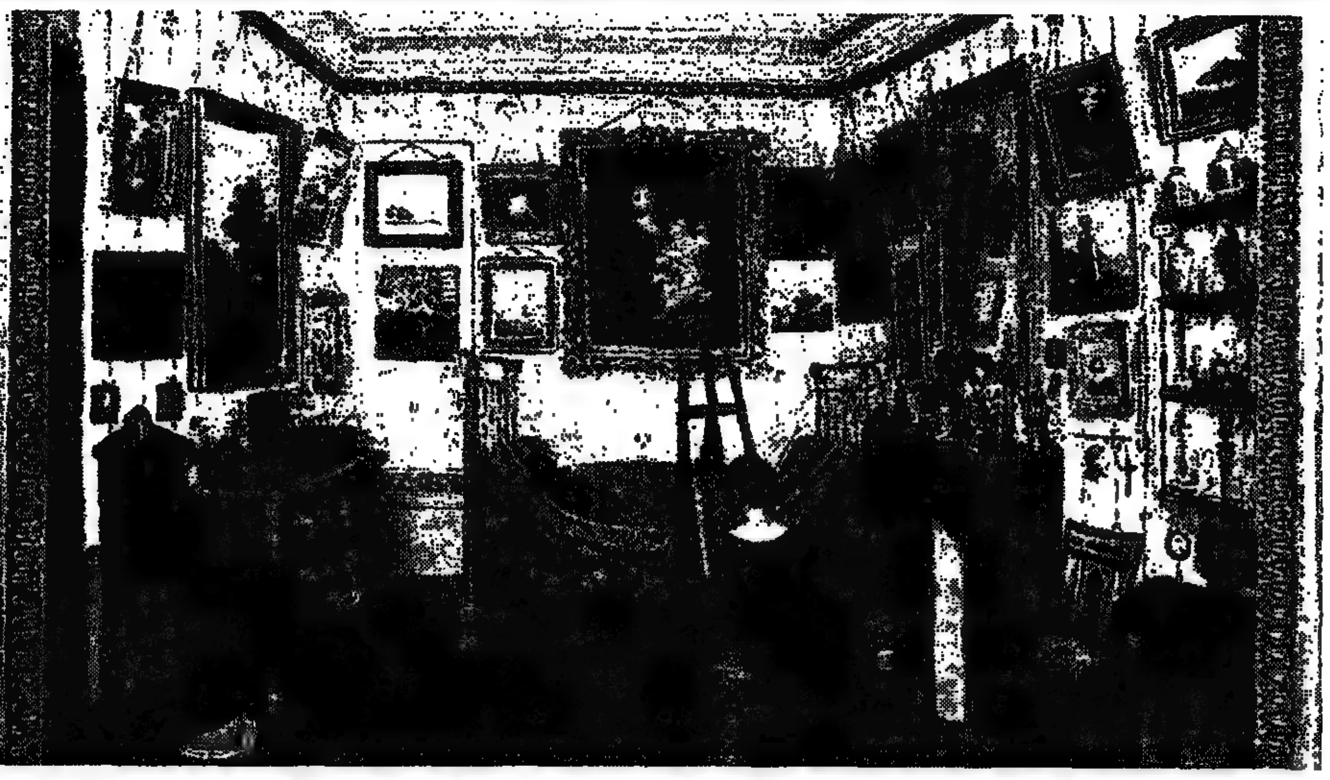
I should [illegible] personal [illegible]. *Green Fingers* will appeal especially [illegible] anyone who knows the [illegible] well [illegible] pick up [illegible] references [illegible] "growing [illegible] *Byker*" or having "the [illegible] garden in Wallsend." [illegible] place [illegible] actually [illegible]. But that is [illegible] additional bonus. *Green Fingers* [illegible] the [illegible] new play [illegible] broadly contemporary Britain that [illegible] have seen for [illegible] very long [illegible].

It [illegible] from [illegible] Northern Stage company and is impeccably directed by Andrew McKinnon. All [illegible] cast, some [illegible] inevitably playing several parts, star, and *it* [illegible] *perhaps invidious* [illegible] *pick* [illegible] Ewen Bremner and Douglas Henshall as the two [illegible] lovers.

Malcolm Rutherford

The V&A of the North

Patricia Morison admires the Bowes and their Museum



How Jacqueline might have lived? A French 19th century painting of a woman artist in her tiny garret

Five minutes' walk from the market cross [illegible] Barnard Castle, in County Durham, stands a huge building which looks lik[illegible] a French railway station. This [illegible] Bowes Museum, an odd and delicious [illegible] which [illegible] romant[illegible] history. Yet perhaps the strangest thing [illegible] Bowes is that so few people outside Teeside have ever been there.

There are any number of reasons to visit the Bowes. The Park is splendid so children can romp round the monkey-puzzle tree leaving parents to enjoy the largest collection of French paintings in Britain. The Bowes also has one of the largest Spanish collections, including two Goyas and El Greco's "Tears of St Peter". There is a bewitching Sassetta, "The Miracle of The Holy Sacrament", and a pair of intact Flemish altarpieces which in their own right justify travelling the length of the country.

Primaticcio, Tiepolo, Boucher, Hubert Robert, and Courbet: these are some of the "starred" items in three lofty galleries on the top floor. But there is more to the Bowes than its paintings, uncatalogued and rich as they are. This is "the Victoria and Albert of the North". It holds porcelain and pottery from every corner of Europe, musical instruments, tapestries, playing-cards, clocks, and room after room of furniture. Starting at the top is best, first ringing to check when the painting galleries are open; 0833-690606. I *have twice run out of steam* long before the bones and beads on the ground floor.

Variety apart, there is a [illegible] subtle parallel between the Bowes and the Victoria & Albert. Both museums are monuments to remarkable marriages. In terms of quality of life, Mrs Jacqueline Bowes could be considered to have done rather better than [illegible] Queen Victoria, [illegible] mother of [illegible] many children. Jacqueline Bowes had no [illegible]ildren – [illegible] unknown, although [illegible] always taking [illegible] salt-water baths. Thus [illegible] free to devote herself [illegible] her landscape-painting, gardens, animals, [illegible] doting husband [illegible] she [illegible] in [illegible] "mon petit père chéri." Above all, Jacqueline [illegible] Museum. [illegible] Bowes [illegible] less keen, and the collection [illegible] bought with money from his northern estates, his collieries, and spectacular triumphs on [illegible] turf. But he always pointed out that [illegible] Museum was built on land purchased with [illegible] money.

In 1869 Jacqueline laid the foundation [illegible] The Museum opened in 1892, and [illegible] Jacqueline had hoped, [illegible] northerners flocked to this showcase of European [illegible]. Sadly, the lady of the Museum was already dead, aged only 44. At [illegible] she lived long enough to see the [illegible] and French flags flying on the [illegible] and had enjoyed over 20 years' companionship with her husband. It had been a romantic story. [illegible] met in Paris when Jacqueline, [illegible] of a clockmaker, was a [illegible] bad [illegible] already had an [illegible] on board called Ernestine, but [illegible] ditched [illegible] Jacqueline. He was in love with France, where he was quite as at home as in England, and spent [illegible] greater part of his life.

[illegible] was the [illegible] of the tenth Earl of Strathmore, who sent him [illegible] Eton and, so that the boy would inherit [illegible] title, [illegible] John's mother [illegible] day before he died. Unfortunately, the law ruled [illegible] title and the [illegible] should go [illegible] uncle, from whom [illegible] Queen Mother, a Bowes-Lyon, [illegible] descended. Some have said [illegible] the stigma of bastardy and [illegible] lost Peerage [illegible] drove Bowes to shun English society. It [illegible] unlikely. [illegible] was a genuinely liberal and cultivated [illegible], and [illegible] he simply preferred life in [illegible].

His [illegible] unusually [illegible] Francophilia, with many costly symptoms. He [illegible] so much that he bought the [illegible] Variété, and lost a great deal of money [illegible] it. Because racing [illegible] Channel [illegible] poor affair, [illegible] joined the Jockey Club and tried to improve matters. [illegible] bought Jacqueline [illegible] Château de Louveciennes, [illegible] home of Louis XV's flamboyant mistress, Madame du Barry. French high society and opulent Second Empire furniture were very much [illegible] his [illegible] they [illegible] up [illegible] with top-of-the-range new furniture from Monbro [illegible] aînés. [illegible] also bought [illegible] wife [illegible] title in [illegible] Marino, [illegible] of Montalbo.

One [illegible] delights [illegible] the Bowes Museum is that [illegible] Founders Collection [illegible] so stamped with [illegible] Mr and [illegible] Bowes. The only regret is that [illegible] is not even [illegible]. Old photographs show the place once crowded pellmell with objects, but during rocky [illegible] century the [illegible] some of the collection. The [illegible] Museum [illegible] days belongs [illegible] county council which, let us hope, appreciates its wonderful good fortune.

There is nothing country-house visitors enjoy [illegible] than [illegible] good bed, and [illegible] Bowes's bed is [illegible] disappointment. Their own furniture is lavish stuff, loaded with gold and marquetry. However, by the time the couple started collecting for the Museum, the income from the [illegible] was not quite [illegible] healthy. The [illegible] not lavish, [illegible] they bought with discernment, [illegible] cheaply. Mr and Mrs Bowes shopped extensively at the International Exhibitions, [illegible] kept [illegible] receipts.

Paintings rarely [illegible] more usually [illegible] £10. Their "modern" paintings were unadventurous but attractive, lots of post-Barbizonist landscapes, seascapes, [illegible] subjects with [illegible] mild religiosity. Women [illegible] unusually well-represented, surely because Jacqueline took her art seriously. Among the [illegible] furniture hangs a delightful painting [illegible] women artist in her tiny garret with [illegible] iron bedstead. Did Jacqueline buy it [illegible] reminder [illegible] things could have been, without her Englishman?

Barnard Castle is 12 miles from Scotch Corner. It makes [illegible] perfect place [illegible] bracing weekend, with [illegible] the [illegible] and [illegible] fortress, and the only charming pe[illegible] left in England. Mr [illegible] Mrs [illegible] run [illegible] comfortable [illegible] (0833-38110). So [illegible] time you drive [illegible] Scotland, do [illegible] this marvel of Anglo-French cultural collaboration at [illegible] best.

Felicity Lott

WIGMORE HALL

Spring may [illegible] long [illegible] off, but that did not stop Felicity Lott presenting [illegible] in [illegible] of it [illegible] the Wigmore Hall [illegible] or, it [illegible], half the voice-lovers [illegible] London turning up to hear her. [illegible] programme was [illegible] by the accompanist [illegible] and, by a twist in meaning [illegible] the kind he obviously enjoys, the evening also formed a homage to [illegible] musical star, Yvonne Printemps.

Any link [illegible] two [illegible] should not be [illegible] far. Printemps [illegible] a creature of [illegible] a popular [illegible] both [illegible] and here, [illegible] personality fairly leaps [illegible] from her surviving [illegible] – not dusty relics these, [illegible] a vivid portrait in sound. Felicity Lott [illegible] the pure singer *par* [illegible] and it [illegible] only with her tongue firmly in her [illegible] to wrap her voice around the songs of French light [illegible] at all.

In [illegible] French and German spring songs that made up the first half, she sang with her usual beauty. This voice [illegible] remarkable [illegible] movement, [illegible] sinuous [illegible] which [illegible] without letting a single consonant break [illegible] tone. It [illegible] ideal for the sensuous "Temps des lilas" by Chausson or Wolf's lazy "Im Frühling", though [illegible] poem for [illegible] latter is too deep by far to [illegible] nearly [illegible] wash past.

And there, I feel, lie [illegible] doubts [illegible] the [illegible]. [illegible] did not often lead the [illegible], when they [illegible]. For the second [illegible], in [illegible] various pieces [illegible] by Yvonne Printemps were brought together, Miss [illegible] an enticing [illegible] gown and [illegible] still more sensuous feeling [illegible] line and style [illegible] before, wholly [illegible] in [illegible] Poulenc and a [illegible] feature [illegible] least in everything else, as far as it went.

The [illegible] is that the real Printemps favourites – Messager's "J'ai deux [illegible]" and [illegible] *Les* [illegible] *Valses* – need something more. Our singer tried [illegible] light French dressing of suggestiveness, but the result was quite anodyne compared [illegible] made of [illegible] pieces by Crespin, let alone the illustrious French lady who [illegible] the inspiration [illegible] evening. To that extent Printemps with a big "P" [illegible] just [illegible] far [illegible].

Richard Fairman

Pinkerton and Butterfly: Arthur Davies and Susan Bullock

New Butterfly for ENO revival

COLISEUM

English National Opera have a new soprano for their *Butterfly* revival, youthful, artless, fresh, and extremely [illegible] Susan Bullock [illegible] her way up through company ranks to this most demanding of Italian-opera heroines; she was, in fact, a late replacement [illegible] the originally scheduled Vivian Tierney, though the directness [illegible] Wednesday's performance suggests [illegible] has [illegible] shortage [illegible] careful, responsible preparation for the task.

Miss Bullock casts a glow of innocence on those early passages (the chatter about prized possessions and relatives, the confession of Christian conversion) to which singers of more [illegible] vocal [illegible] and temperament [illegible] lend only coy simperings. Her warm, malleable [illegible] shapes [illegible] so frankly [illegible] phrases with such gentle poise [illegible] character's youth and naivety don't have to be taken on trust; in the context of both [illegible] impending tragedy and [illegible] Graham Vick's production (with [illegible] on [illegible] obsessive, neurotic [illegible] of Butterfly's character), these qualities are precious and [illegible]tiful [illegible].

The voice discovers innumerable eloquent [illegible] and shining delicacies [illegible] detail [illegible] love music, and – since the ENO's is an interestingly amplified edition of the usual *Butterfly* text – for [illegible] odd, heartbreaking little [illegible] of folksong-like self-examination [illegible] resignation which Puccini pruned from the final version [illegible] the opera. I worry only [illegible] the [illegible] sweeping the voice to the heights [illegible] Bullock's [illegible] to their utmost; she has the high notes, but on Wednesday many [illegible] them [illegible] edgily sustained, and abruptly cut off. It would [illegible] if the [illegible] of this debut [illegible] regularly repeated – since, [illegible] all, Butterfly is [illegible] of [illegible] notorious "voice-breakers".

This is altogether [illegible] fine revival. All [illegible] principals [illegible] the [illegible] in this theatre – Arthur Davies (bravely embracing all [illegible] unsympathetic aspects [illegible] ENO Pinkerton), [illegible] Opie (superbly authoritative [illegible] Greene-like consul of grizzled honesty), and Louise Winter (a lovely tough-tender Suzuki) – and all [illegible] in exceptionally free, unstrained voice. Smaller parts are acutely touched in; Michael Lloyd, [illegible] rushed start, proves an excellently sympathetic, lyrical conductor. I continue [illegible] find the Vick production an overegged pudding, anxious [illegible] nudge [illegible] insights [illegible]. But in [illegible] showing [illegible] strengths [illegible] certainly argued [illegible] the full.

Max Loppert

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

Simon Rattle returns [illegible] Berlin Philharmonic Orchestra [illegible] to conduct three concerts featuring Karol Szymanowski's Stabat Ma[illegible] and Mahler's Second Symphony, with soloists Willard White, Arl[illegible] Auger and Alfreda Hodgson.

They are the first public concerts to [illegible] given by the [illegible] in [illegible] Schauspielhaus in the east side of the city.

The BPO will share the use of [illegible] hall over [illegible] next nine months with its [illegible] Berlin counterpart, [illegible] *Berlin Symphony* Orchestra, while repairs are carried out to the ceiling of the Philharmonie.

The BPO will continue to use the Kammermusiksaal *of the* Philharmonie for programmes requiring reduced forces. Next Wednesday, Rattle conducts the [illegible] *of four concerts* [illegible] the Kammermusiksaal featuring Ravel's [illegible] mere l'oye, Mozart's Piano Concerto No 27 K595 with Imogen Cooper and Haydn's Symphony No. 90.

Also in Berlin, the Deutsches Theater offers a marathon double-bill of Shakespeare's Hamlet and Hamletmaschine, [illegible] play [illegible] the radical east Berlin dramatist Heiner [illegible] (tomorrow [illegible] Sun 15.00 to 23.00).

[illegible] this year's [illegible] marking [illegible] 200th anniversary [illegible] Mozart's death [illegible] in Stockholm, with a [illegible] of lunchtime and evening [illegible] at [illegible] *Konserthus* starting on Monday.

Jukka-Pekka [illegible] a symphonic programme with the Stockholm Philharmonic on *Thursday lunchtime*, [illegible] their Saturday programme runs from 12.00 to 17.00, starting [illegible] a public rehearsal.

Opera [illegible] nights include The *Love for Three Oranges* [illegible] Bavarian [illegible] Opera in Munich, staged by Yuri Lyubimov and conducted by Wolfgang Sawallisch (Mon); Capriccio [illegible] Covent Garden (Mon), *a John* [illegible] production conducted by Jeffrey Tate, with Kiri [illegible] the Countess and Thomas Allen as the Count; Daphne, another Richard Strauss opera, [illegible] a series [illegible] concert performances in Geneva with Lucia Popp in the title role (Tues); *and James Levine* conducts Die Zauberflöte at the Met (Thurs).

Other [illegible] Peter Hall directs Pinter's The Homecoming at the Comedy Theatre in London [illegible] a [illegible] *including Warren Mitchell*, and Johnny Dankworth conducts two [illegible] in Rotterdam this weekend, featuring the percussion virtuoso Evelyn Glennie.

EXHIBITIONS GUIDE

AMSTERDAM
Rijksmuseum [illegible] Venice: [illegible] origin [illegible] development [illegible] the [illegible] 'Vedute', [illegible] views *of* [illegible] *century*. Canaletto, [illegible] and Guardi form [illegible] exhibition, drawn from collections worldwide. Ends [illegible] 3. [illegible] *watercolours from* [illegible] Century, an exhibition [illegible] drawings by [illegible] Wit, Cornelis Troost [illegible] others. Ends [illegible]b 17. [illegible]
[illegible] **Gogh Museum** Van Gogh [illegible] Art: paintings by Van Gogh juxtaposed with works by about 40 European avant-garde [illegible] from [illegible] years [illegible] *First World War*, including Matisse, [illegible] Klimt and Kandinsky. Ends Feb 18. [illegible] Mon
BERNE
Kunstmuseum Matisse, [illegible] *sculptures* [illegible] *around* [illegible] monochrome prints representing all periods [illegible] artist's development. Ends [illegible] 10. Closed Mon
BRUSSELS
Musees Royaux d'Art et d'Histoire Inca-Peru, an exhibition tracing the evolution and decline [illegible] the Inca culture through 450 artefacts. Ends Jan 20. Closed [illegible]
FRANKFURT
Jahrhunderthalle Hoechst Drawings [illegible] watercolours [illegible] *German Expressionism*: [illegible] selection [illegible] work by Beckmann, Kokoschka, [illegible] and others. Ends [illegible] 2. Daily
THE HAGUE
Mauritshuis Foundation Great [illegible] paintings from America: 75 masterpieces from public and *private collections, including* works by Rembrandt, Vermeer, Frans Hals and Van Goyen. Ends Jan 13. Daily
LAUSANNE
[illegible] **l'Hermitage** François [illegible] (1828-1890), [illegible] retrospective including 150 paintings [illegible] drawings of [illegible] around Lake Geneva. Ends Jan 21. Closed [illegible]
LONDON
Hayward Gallery The Drawings [illegible] Jasper Johns, [illegible] works by the American artist ranging [illegible] the past [illegible] years. Ends Feb 3 Daily.
Royal Academy Egon Schiele and his contemporaries, major exhibition [illegible] Viennese paintings, including Kokoschka and Klimt. Ends Feb 17. Daily
MADRID
Fundacion Juan March Cars: Andy Warhol's unfinished series of [illegible] drawings and paintings, commissioned by Daimler-Benz to mark [illegible] centenary [illegible] the invention of the automobile. Ends tomorrow
MARTIGNY
Gianadda [illegible] Retrospective [illegible] sculpture, paintings [illegible] drawings by Camille Claudel (1864-1943). Ends Feb 17. Daily
MUNICH
Akademie der Schonen Kunste Joseph Beuys (1921-1986), [illegible] paintings and drawings from the Van der Grinten collection. Ends Jan 27. [illegible] Mon
Staatsgalerie Moderner Kunst From [illegible] We Have [illegible] What [illegible] Would Like, a selection of work *from* [illegible] *gallery's own collection* juxtaposed with other work [illegible] loan. Ends Jan 27. [illegible] Mon
Haus der Kunst Paintings [illegible] Objets d'Art 1965-1990, an exhibition [illegible] work added to the city's art collection [illegible] 25 years. Ends Feb 17. Daily
Kunsthalle der Hypo-Kulturstiftung Royal Dresden, Art [illegible] Saxon Court: a collection of paintings, sculpture, porcelain, jewellery and other objets d'art showing [illegible] artistic and technical sophistication [illegible] 18th century Dresden. Included in the exhibition [illegible] the 41-carat Dresden green diamond and paintings by Canaletto. Ends [illegible] 3. Daily
Lenbachhaus Getlinger Photographs Beuys: photographs [illegible] German artist Joseph Beuys [illegible] by Fritz Getlinger between [illegible] and [illegible], including portraits of Beuys and photographs of his drawings and sculptures. Ends Jan 20. Closed Mon
NEW YORK
Metropolitan Museum [illegible] art from pre-Columbian era to 20th century. Ends Jan 13. [illegible] Mon
Museum of Modern Art High [illegible] *Low: Modern Art* [illegible] *Popular* Culture, bringing together works by Dubuffet, Duchamp, Picasso, Warhol and others. Ends Jan 15.
PARIS
Bibliothèque [illegible] Memories [illegible] Egypt, multi-media exhibition commemorating the bicentenary of the birth [illegible] the Egyptologist Champollion. Ends March 17
Conciergerie Saint Bernard [illegible] Monde Cistercien, celebrating the [illegible] anniversary [illegible] Bernard's birth. The exhibition *includes manuscripts, stained* glass windows, scale [illegible] of cloisters [illegible] a huge [illegible] press. Ends Feb 28
Galerie Odermatt Cazeau Wide-ranging [illegible] paintings by Andre Masson. Ends [illegible] 2
[illegible] **Palais** Paintings, drawings [illegible] tapestries by Simon [illegible] (1590-1649), [illegible] compositions [illegible] palaces and churches [illegible] time [illegible] Louis XIII and Richelieu. Ends Feb 13. [illegible] Tues
Haboldt [illegible] Drawings by French [illegible] of [illegible] du Nord. Ends Jan 19
Louvre [illegible] acquisitions [illegible] Department of Objets d'Art. [illegible] exhibits of [illegible] and goldsmiths' work, [illegible] bronzes, enamels and majolicas. [illegible] century furniture, tapestries and porcelain, many [illegible] which [illegible] royal possessions. Ends Jan 21. Closed Tues
Musee [illegible] **Decoratifs** Panoramic wallpapers from the [illegible] century. Ends Jan 21. [illegible] Mon and Tues
Musée d'Orsay From Manet [illegible] *museum's acquisitions* [illegible] the [illegible] seven years, including paintings, drawings, photographs and furniture. Ends March 10. [illegible] Mon
PRAGUE
National Gallery Jan Zrzavy (1890-1977), exhibition [illegible] paintings at [illegible] Wallenstein Riding School. Ends March 3. Closed [illegible]
ROME
Accademia di Spagna Masterworks from the [illegible] of Catalan Art In Barcelona, *including Tintoretto's* [illegible] *of* a Gentleman [illegible] Crucifixion. Ends Jan 9
Villa Medici Jean-Honore Fragonard [illegible] Hubert Robert: a comparison [illegible] very [illegible] century artists, [illegible] depicting [illegible] landscape. Ends [illegible] 24
ROTTERDAM
Museum Boymans-van Beuningen Fra Bartolommeo, drawings from [illegible] Italian Renaissance: a selection [illegible] 100 drawings from the museum's collection. Ends Feb 17. [illegible] Prints by Piranesi, including 35 large-format views [illegible] Rome first published in 1748. Ends [illegible] 10. [illegible] Mon
STUTTGART
Staatsgalerie [illegible] paintings by [illegible] Bolognese artist Giuseppe [illegible] Crespi (1665-1717). Ends [illegible] 17. [illegible]
VIENNA
Kunstlerhaus Roberto Capucci: Gowns as Armour, fashion in [illegible] and silk from past and present. Ends April [illegible]. Also [illegible] in Vienna, an exhibition for the [illegible] bicentenary. Ends Sept 15. Daily
WASHINGTON
National Gallery [illegible] major [illegible] of 90 [illegible] Dyck paintings borrowed from [illegible] worldwide and mixed with the gallery's own collection. *Ends Feb* [illegible]. Also Titian, Prince [illegible] Painters: [illegible] works from public and private collections worldwide. Ends Jan 27. Daily
ZURICH
Kunsthaus Giovanni Segantini (1858-1899), retrospective [illegible] post-impressionist paintings and drawings from the three major *periods*. Ends [illegible] 3. Daily

هكرامن الأحبل

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Friday January 4 1991

A last chance for peace

THE agenda for today's meeting [redacted] European Community ministers in Luxembourg [redacted] of necessity fluid and a little [redacted] But it will probably [redacted] [redacted] kind of European involvement in a final attempt [redacted] persuade [redacted] Hussein [redacted] withdraw his forces from Kuwait before [redacted] United Nations deadline expires on January 15. The [redacted] are *absolutely right* [redacted] try.

At [redacted] time, [redacted] of the [redacted] repeated that his secretary of state, [redacted] James Baker, is ready to meet the Iraqi foreign minister, Mr Tariq Aziz, in Europe next week, *previous* [redacted] of [redacted] for [redacted] having been turned down by Baghdad. The Americans, too, are right to go [redacted] trying [redacted] a peaceful settlement before the UN [redacted] line [redacted] out.

[redacted] *there should be no* difference of substance between the American [redacted] European approaches. The purpose of [redacted] diplomacy [redacted] to convince President [redacted] that if [redacted] fails [redacted] comply with [redacted] sive UN resolutions in time, he will face war. Nor [redacted] resolutions solely supported by the Atlantic alliance of Americans and west Europeans. There is [redacted] unprece-[redacted] coalition [redacted] them, including [redacted] Soviet Union. China did not use [redacted] a permanent member [redacted] the Security Council, [redacted] it could have done, [redacted] them. The Arab [redacted] bers of [redacted] coalition, all [redacted] whom have committed troops and military hardware, [redacted] Egypt, Syria and [redacted] Arabia. The credibility [redacted] the Security Council is thus on trial [redacted] before. If [redacted] Saddam is allowed to keep Kuwait, [redacted] of the *UN* acting again to resist future aggression [redacted] much diminished.

Open [redacted]

All that should be clear enough by now to [redacted] concerned. Perhaps it is not yet [redacted] enough, however, [redacted] President Saddam, the [redacted] man who [redacted] ensure [redacted] ful solution by agreeing expeditiously to withdraw his forces. Whether [redacted] is acting out [redacted] bravado, ignorance [redacted] belief that the coalition against [redacted] *annexation of Kuwait* [redacted] ultimately fail to act are open questions. The fact [redacted] that, [redacted] way, he [redacted].

The aim [redacted] any European initiative must [redacted] quite simple. It must [redacted] persuade him that [redacted] *he* [redacted] *begin* [redacted] withdrawal by January 15, [redacted] will follow – not necessarily [redacted] day, but shortly thereafter. The Europeans will also have to [redacted] outright, and without nuances, nods or winks, [redacted] nothing [redacted] matter will divided them from the *United States*.

No preconditions

The Iraqi president may [redacted] been misled by reports that [redacted] Germany [redacted] *interested in diplomacy* [redacted] their [redacted] account. If so, [redacted] study carefully [redacted] official positions. Mr Hans-Dietrich Genscher, [redacted] German foreign [redacted] initiative led [redacted] Luxembourg *meeting*, [redacted] *categorically* [redacted] immediate objective [redacted] Iraqi troops out of Kuwait; [redacted] no preconditions for that, he [redacted] [redacted] France may enjoy sending quasi-official [redacted] to [redacted] East, but France [redacted] committed almost as many forces [redacted] possible [redacted] Britain. [redacted] it counts, France stands firm with [redacted] allies. That, too, [redacted] again [redacted] be explained [redacted] *President* [redacted] no longer dealing [redacted] ex-prime ministers, [redacted] well-intentioned, [redacted] with governments.

There [redacted] *reason, however*, why a European approach might succeed [redacted] the US has [redacted] far failed. If it is true that [redacted] dislikes and distrusts the Americans [redacted] much that he cannot bring *himself to climb down in front* of them, it is just possible that he, [redacted] his foreign minister, will find it [redacted] talk [redacted] Euro-[redacted] that reason [redacted] *is worth trying*.

The Europeans [redacted] also stress [redacted] if Iraq [redacted] with-[redacted] from Kuwait, other possi-[redacted] diplomacy in [redacted] Middle East will [redacted] up. There is no way of simply returning [redacted] the *status quo* [redacted] But those are emphatically [redacted] preconditions either the Iraqi troops get out, or Iraq faces [redacted] Any [redacted] mission [redacted] *make* [redacted] *plain*. The next move is Iraq's.

The pensions debacle

FOR [redacted] has [redacted] the US savings and loan fiasco, the inexorable rise in the bill for Britain's new-style personal *pensions carries a powerful* transatlantic echo. The [redacted] this British mess is admittedly very [redacted]h smaller. Yet the degree of muddled thinking involved and the determination of ministers [redacted] procrasti-[redacted] when confronted with past blunders and mounting future liabilities is all too familiar. Why was it allowed [redacted] happen?

The logic of [redacted] pension reforms originally proposed by Mr (now Sir) [redacted] Fowler in 1985 was mainly that [redacted] earnings-related pension scheme (Serps) [redacted] impose an undue burden [redacted] the taxpayer in [redacted] 21st century. Shifting [redacted] burden to the private [redacted] the advantage of making future pension costs more manageable, while giving a boost [redacted] popular capitalism.

This uncharacteristic [redacted] cupation with a cost that [redacted] unlikely to cause serious political waves for decades looked odd at the time. The underlying arguments also looked questionable in [redacted] light of [redacted] low proportion of national income spent on [redacted] pensions in Britain when compared with other developed countries [redacted] more rapidly ageing populations. And in the event *political obstacles to the full abolition* of Serps proved overwhelming. The government decided [redacted] to protect the taxpayer by cutting bene-[redacted] to future [redacted] while offering employees and employers rebates for opting out of Serps well in excess of the levels suggested by the government actuary. A further incentive equivalent [redacted] 2 [redacted] cent of earnings, in practice lit-[redacted] *bribe*, was [redacted] employees contract-*ing* [redacted] *with a personal pen*-sion.

Fundamentally flawed

The policy proved [redacted] be a bonanza for personal [redacted]ons salesmen. But from the government's point of view it was fundamentally flawed, [redacted]use [redacted] state's pension liabilities were, *in effect*, privatised on [redacted] sale or return [redacted] those who opted out enjoyed the right [redacted] re-join [redacted] state [redacted] they chose. Worse, the whole structure of [redacted] designed to encourage people to [redacted] an arbitrage profit by *moving back and forth* [redacted] public and private [redacted]tor.

Since it [redacted] to finance pensions [redacted] employees grow older, an actuary would normally expect to adjust any *rebate on contracting out to* [redacted] Yet [redacted] an [redacted] rate for all, thereby ensuring that it [redacted] highly advanta-[redacted] employees to opt out. [redacted] the time those who opted *out in* [redacted] *twenties* reach their forties, it will pay [redacted] opt back in. Small [redacted] that [redacted] mainly [redacted] employees – [redacted] in [redacted] *number originally expected* – have opted out. Under the [redacted] Financial Services Act [redacted] financial [redacted] will [redacted] obliged to [redacted] them to [redacted] back in at the appropriate moment.

Lower benefits

The government has al[redacted] argued that the rebates and incentives would be recouped [redacted] of lower benefits. Yet [redacted] never provided [redacted] adequate figures [redacted] justify the [redacted] And the cost of this muddle to [redacted] National Insurance Fund [redacted] recently been put [redacted] over the period 1988-93 by an independent firm of actuaries employed by [redacted] government's comptroller [redacted] auditor [redacted]eral. The government [redacted] finds itself in [redacted] position. If it cuts [redacted] rebate, [redacted] people will be tempted [redacted] go back into the Se[redacted]

[redacted] doubt there are various short-term policy options [redacted] mitigate the damage, [redacted] *from varying rebates according* to age and sex – which would impose [redacted] costly administrative burden on employers – [redacted] changing [redacted] terms on which people are allowed in future to opt back into Serps. The government [redacted] might [redacted] given agency status and a right to set rebates independently of the government. But the real failure here [redacted] allow the pensions agenda to be hijacked by the personal pensions lobby when [redacted] more fundamental rethink [redacted] pensions was called for. That remains the overwhelmingly urgent priority.

Amid much talk of war, diplomacy is being given one last chance, report **Lionel Barber, Tony Walker** and **Victor Mallet**

The final steps in Bush's 'extra mile'

In the end, it [redacted] President George [redacted] who blinked. [redacted] proposal yesterday [redacted] send [redacted] James Baker, US secretary of state, [redacted] Geneva [redacted] week [redacted] Tariq Aziz, [redacted] Iraqi foreign minister, ends a four week long stalemate and offers diplomacy another chance to avert [redacted] in the Gulf.

[redacted] *congressional* and European pressure for high-level talks with *Baghdad mounting ahead of* [redacted] *UN's* January 15 deadline for an Iraqi withdrawal, Mr Bush had little [redacted] but to modify his previous demands. He had insisted that a meeting between [redacted] Baker and President [redacted] Hus-[redacted] place no later than January 3, *after* [redacted] planned visit by [redacted] Aziz to Washington.

[redacted] *official explained*: "Although we [redacted] who first proposed [redacted] meeting, the haggling [redacted] it look as though [redacted] the [redacted] who don't [redacted] the talks."

Yet [redacted] belligerent [redacted] of the Bush administration's *rhetoric in recent* weeks, [redacted] by the president himself, begs [redacted] question: [redacted] Iraq accepts yesterday's offer – which by last night it [redacted] not – what would be [redacted] purpose of [redacted] Washington-Baghdad exchange?

[redacted] it, [redacted] Mr [redacted] *insists*, "one last attempt [redacted] go the extra mile for peace", to drive [redacted] ultimatum that Iraq must withdraw from Kuwait [redacted] United [redacted] of January 15, or face a war? Or could [redacted] the prelude to [redacted] sort of compro-*mise linking* the Kuwait issue [redacted] broader talks [redacted] the Arab-Israeli [redacted]flict?

From Washington's perspective, [redacted] clear that [redacted] first proposed [redacted] of high-level talks [redacted] Bagh-[redacted] to domestic political *pressures*. Having [redacted] United Nations Security Council approval for [redacted] of force against Iraq, [redacted] suddenly found [redacted] confronted by [redacted] rebellion in Congress, where [redacted] Democrats [redacted] Republicans voiced [redacted] about what appeared [redacted] rush [redacted]

However misleading the analogy, [redacted] threat of [redacted] offensive war, with thousands [redacted] potential American casualties, [redacted] evoked memories of Vietnam. Many members of Congress, [redacted] supportive [redacted] Mr Bush's overall policy, would [redacted] *sanctions* given [redacted] time [redacted] work rather [redacted] resorting [redacted] force. [redacted] troubling for Mr Bush, it [redacted] led [redacted] protracted [redacted] respective *roles of the president as* [redacted]*-in-chief and Congress which* [redacted] sole right [redacted] declare war under the [redacted] constitution.

Democrats such [redacted] George Mitchell, the forceful [redacted] majority leader, [redacted] adamant that Mr [redacted] *needs* [redacted] *formal declaration of war* before launching an attack against Iraq. Congressman [redacted] Gephardt, House majority leader, [redacted] to cut off funding for [redacted] US military *if Mr* [redacted] orders [redacted] military [redacted] without congressional approval.

[redacted] officials in the White House, [redacted] is a good deal [redacted] gung-ho [redacted] other departments, [redacted] president should simply [redacted] Congress's bluff and [redacted] an up-or-down vote; [redacted] this [redacted] against [redacted] instincts of Mr Bush (himself a former Congressman from Texas). More important, a slim majority vote for [redacted] could [redacted] dangerous signal [redacted] *Baghdad, where Mr Saddam often* sounds [redacted] if he believes the Americans have no stomach for [redacted]

In spite [redacted] these constraints, [redacted] administration has continued the military build-up in Gulf to [redacted] point where US forces should [redacted] the tar-[redacted] of [redacted] by [redacted] end [redacted] the [redacted] – equipped with the [redacted] sophisticated weaponry in the Pentagon's arsenal. By mid-February, defence experts believe, a US-led force could be ready for an *offensive* against Iraq.

For the moment, however, diplomacy is to be given [redacted] chance. While [redacted] Bush wants to frighten Mr [redacted]dam out of Kuwait with the undiluted threat of war, other members of the *US-led international alliance* have openly been scratching around for peace formulae to tempt President [redacted] into [redacted] voluntary [redacted]

Ahead of a meeting of European *Community foreign* [redacted] in Luxembourg today, both President François Mitterrand of France [redacted] Mr Jacques Poos, the Luxembourg foreign minister, have held out [redacted] carrot of broad Middle East [redacted] negotiations – after an Iraqi [redacted] – [redacted] everything from [redacted] for a [redacted] homeland [redacted] problems of Iraq [redacted] Kuwait.

Mr [redacted] proposal [redacted] talks was in part [redacted] such independent efforts to [redacted] Iraqis in a dialogue, and it will almost certainly remove [redacted] for a separate [redacted] today's meeting.

[redacted] it is [redacted] clear that *whatever promises* [redacted] Europeans may [redacted] in exchange for a [redacted] hold any more appeal for Mr Saddam than they do for Mr Bush. The most that Europe can offer *in the way of public concessions to* Iraq [redacted] be post-withdrawal discussions on the [redacted] conflict [redacted] talks [redacted] Iraqi grievances against Kuwait, and that [redacted] not [redacted] enough to persuade Mr Saddam to risk domes-[redacted] upheaval by withdrawing entirely from [redacted] soil.

Mr Saddam has shown no signs of preparing to depart [redacted] reputation [redacted] on keeping Iraq's "19th province", [redacted] he [redacted] Kuwait. More popular [redacted] abroad [redacted] Iraqis [redacted] endure [redacted] *style of* government, [redacted] engaged in brinkmanship with potential rivals [redacted] home [redacted] well [redacted] on [redacted] international stage.

One small lapse in his ruthless internal security system and the [redacted] of mysterious "traffic accident" which disrupted Iraq's Army Day this time [redacted] year could turn into [redacted] attempt.

The suggestions [redacted] Mr Mitterrand [redacted] Poos provide no more [redacted] a flimsy face-saving [redacted] for Mr [redacted]dam, unless (in spite of [redacted] als) there is a secret agenda allowing for concrete territorial [redacted] to Iraq by Kuwait.

Not even those sympathetic to the Iraqi cause can believe [redacted] Mr Saddam's August 12 [redacted] linking Kuwait to [redacted] Palestinian [redacted] was anything *other* [redacted] *opportunistic* ploy forced upon him by the unexpectedly fierce [redacted] invasion.

Mr Saddam, furthermore, cannot [redacted] trusted. *Iraq announced* [redacted] it [redacted] withdrawing as early [redacted] August 3, but that turned out to be a lie to play *for* time just [redacted] invasion.

Iraq could be [redacted] a deal [redacted] on the [redacted] application of [redacted] Security Council Resolution [redacted] which demanded [redacted] unconditional withdrawal and also called [redacted] negotiations between [redacted] Iraq to resolve their differences.

But Iraq's self-serving claim – relayed by Mr Edward Heath, the former British prime minister – that Kuwait advanced between 30 and 40 miles into Iraqi territory during the Gulf [redacted] scarcely credible; the reality is [redacted] Iraq occasionally violated the frontier by sending soldiers into Kuwait [redacted] Kuwaiti [redacted] to resolve the border dispute once and for all.

If the western nations are sceptical [redacted] compromise with Iraq, however, things are [redacted] quite differently in the Arab world. In [redacted] line in public, many [redacted] believe that at the [redacted] Mr [redacted] will seek a way out [redacted] the impasse and [redacted] will be averted. [redacted] if this [redacted] achieved through [redacted] compromise [redacted] would regard such an outcome as infinitely pref[redacted] to war, however much they might wish to [redacted] President Saddam removed from the face of the [redacted]

Sentiment in moderate Arab states that bitterly opposed the Iraqi takeover of Kuwait – such as Egypt – seems to be swinging against the war option. Talk is turning towards the shape of a deal that might facilitate an Iraqi withdrawal.

Mr Mahmoud Riad, former secretary general of the Arab League and one of the Arab world's most experienced statesmen, echoes the views of many when he says: "War would be illogical. At the last moment I am sure Saddam Hussein would do his best to avoid the destruction of his country...He made a mistake and it is up to him to correct it."

Mr Riad [redacted] possibility for compromise revolves around the [redacted] status of *the Rumaila oilfield* on the Iraq-Kuwait border, and [redacted] Kuwaiti islands of Bubiyan and Warba in the Gulf. He recalled that at [redacted] previous moment of tension between Iraq and Kuwait in 1973, the issue of "renting" Bubiyan to the *Iraqis for 100 years was discussed*. But the Kuwaitis rejected the notion because of fears that once Iraq had gained a foothold on the island Kuwaiti sovereignty would be jeopardised.

Kuwaiti officials interviewed recently [redacted] the Saudi town of Taif indicated [redacted]ility on dealing with Mr Saddam if the Iraqi occupation was ended. "If the world can live with him, we can live with him," said Dr Abdel Rahman al-Awadi, minister of cabinet affairs. Saudi Arabia has [redacted] *the past also suggested that it would* accept a territorial compromise on Kuwait's part.

While in [redacted] all this may [redacted] of unacceptable [redacted] to an aggressor, [redacted] some of those [redacted] more hostile to Iraq have *argued* that an escape route should be left open for Mr Saddam. He is seen as infinitely more dangerous if cornered.

Dr Saad Eddin Ibrahim, a sociology professor at the American University in Cairo, said he remained optimistic about a possible reversal in the Iraqi *position*. He said the west often failed to appreciate the "fluidity of this (Arab) culture".

But it is impossible to tell whether the stepped-up Arab and western diplomacy of recent days is making any impact on the Iraqi ruler. It *seems unlikely that he will make* any concessions before the last minute. As Mr Riad says: "Saddam is playing a very dangerous game, like Russian roulette."

If Iraq were to yield in the next few days to Mr Mitterrand's blandishments and signal a willingness to withdraw on French terms, it would place President Bush in an extremely awkward position. The question for the Americans, no less than for their Arab allies, would be whether to believe the Iraqi ruler, and what guarantees might be extracted to hold him to his word.

An Iraqi offer to withdraw by a *specific date in exchange for some* concession on the Palestinian problem would cause considerable difficulties for the US administration, which has set great store on the unconditional withdrawal of Iraqi forces.

Moreover, even if Mr Saddam blinks [redacted] thought of [redacted] and withdraws from all [redacted] (the favoured outcome to the crisis, except perhaps in Baghdad or Jerusalem) the risk of conflict in the Gulf would remain for a long time to [redacted]

The US and Britain have promised [redacted] to attack [redacted] if it pulls [redacted]pletely. But in [redacted] event, President Saddam would be [redacted] with his powerful armed *forces* [redacted] his nuclear, biological [redacted] weapons programmes [redacted] In effect, the same drawbacks apply to the more likely Iraqi [redacted] of a par-[redacted] The [redacted] allies have said that Iraq will still face the risk of [redacted] if it keeps [redacted] Kuwait [redacted] and Warba; in practice they are unlikely to fight a war *for* the disputed territory, although general economic sanctions would remain in force.

In the final analysis, whatever Washington and its closest allies may say, there are undoubtedly those in the international coalition ranged against Mr Saddam who would welcome such an Iraqi move as an escape route from war.

The worry is that Mr Saddam will leave his move too late, and that the region will slide into war regardless. "The ball," as one US official said, "is now in the Iraqi court."

Gulf rhetoric, or reality as the January 15 deadline looms? Clockwise from top left: [redacted] *of* [redacted] *Presidents George Bush, François Mitterrand; President Saddam Hussein with* [redacted] *PLO's* [redacted] *Arafat*

Sony's Welsh bridgehead

■ Ten years is a long time for [redacted] Japanese manager [redacted] serve abroad. [redacted] anything [redacted] a couple [redacted] years [redacted] equivalent [redacted] being [redacted] Siberia. Hiro Nakamura has proved *them wrong*.

Ten years ago he was sent by Sony [redacted] Bridgend in [redacted] general [redacted] TV plant; subsequent promotions have [redacted] him rise not just to head the [redacted] *operation but also* [redacted] managing director [redacted] company's whole European operations in [redacted]

Now he is returning [redacted] Tokyo as [redacted] general [redacted] in the TV [redacted] a top *appointment and proof that* a long spell away from HQ does no harm [redacted] a career.

N[redacted]ura is one of the [redacted] Japanese [redacted] has [redacted] part [redacted] industrial [redacted] Unlike his compatriots [redacted] confine their out-of-work activ-[redacted] to [redacted] golf, [redacted]mura [redacted] ber of the CBI in Wales and [redacted] governor of the Wales Qual-[redacted] Centre.

[redacted] has totally neglected his golf, though [redacted] maintains [redacted] in heading the Euro-[redacted] operations [redacted] little [redacted] his handicap.

He will be remembered much more, though, for his work in bringing quality [redacted] dards [redacted] up [redacted] sidered the norm within Sony and to *building up a strong* R [redacted] department in Bridgend.

Whiplash

■ [redacted]assions are running high in London's elegant warrant row. The [redacted] of the proud owners of the [redacted] 900 Royal Warrants bestowed *by the Queen and her immedi*-[redacted] family, is causing some [redacted] muttering amongst those who worry about [redacted] of things.

Although [redacted] out whether the Bank of England is considering strip-[redacted] Harrods of its banking licence, I can confirm [redacted] the famous Knightsbridge [redacted] has once again retained its royal plaques. Unfortunately, [redacted] same cannot be said for Piccadilly-based Swaine [redacted] Brigg, which has [redacted] making royal whips [redacted] *for as long as* [redacted] one [redacted] remember. It even [redacted] Indiana Jones' giant bull whip.

[redacted] omission threatens [redacted] cause [redacted] big a stir as when Cartier, [redacted] luxury goods maker, [redacted] *dropped a few* [redacted] back.

[redacted] *official* [redacted] *that it* [redacted] just a hiccup. Mr Robert Adeney, the retiring chairman, forgot to fill in the forms. Royal warrants are assigned [redacted] rather than firms, [redacted] it will be up to [redacted] Tryon, an old chum of the [redacted] and the new [redacted] *of the firm, to* [redacted] sure the company is not over-*looked again*.

Nevertheless, the royal oversight [redacted] yet another blow for Ensign Trust, which is facing a mutiny by [redacted] majority owner, the Merchant Navy pension fund. It bought a half share in the loss-making [redacted] last summer and has great plans [redacted] *it* [redacted] another upmarket [redacted] *story* [redacted] *Dunhill*.

Let's hope Lord Tryon can win his spurs.

OBSERVER

"If that letter was nothing to worry about why are you eating [redacted]"

Rehabilitation

■ Having sacked most of the board [redacted] Nordbanken over the [redacted] holidays, the Swedish authorities are bending over backwards *to restore con*-[redacted] the country's second biggest bank.

Yesterday saw [redacted] borg, chief operating officer [redacted] big [redacted] group, parachuted into [redacted] banken's [redacted] *chief* executive's chair. The 49-year old Dalborg [redacted] nowhere [redacted] as *colourful* [redacted] *Kjell-Olof* [redacted] and Jacob Palmstierna, [redacted] have also been recruited to [redacted] new Nordbanken board. [redacted] perhaps [redacted] no [redacted] thing.

[redacted] resigned [redacted] February in [redacted] peration [redacted] opposition *inside the labour movement* to his free market economic *policies*. [redacted] articulate man with a touch of owlish flamboyance, he is a Swedish version of Denis Healey.

Since quitting [redacted]ive politi[redacted] been accumulating [redacted] variety [redacted] different jobs including [redacted] Volvo and [redacted] railways board. He is also writing a book, which promises to be an [redacted] *of* [redacted] years at the Ministry of Finance between 1982 and 1990. His [redacted] colleagues [redacted] praying that it is not published before next September's [redacted]tion.

For [redacted] directorship is a clear sign [redacted] the [redacted] government [redacted] in [redacted] forgiving mood. The former chief [redacted] of [redacted]den's largest commercial bank Skandinaviska Enskilda Ban-[redacted] time, [redacted] was [redacted] to resign [redacted] being accused of [redacted] irregularities [redacted] the peppercorn rent [redacted] was paying [redacted] a villa [redacted] he lived courtesy [redacted] bank.

He suffered the indignity [redacted] a [redacted] public police raid on his office and [redacted] trial. The charges against him were dis-[redacted] though [redacted] recovered his old job at SEB.

Boom and bust

■ When Cigna International's Tim Griffen, a long time bear of the Tokyo stock market, celebrated his recent return to the US after six years, he wanted his party to go with a bang.

Decorating the room were balloons celebrating not only the great Tokyo bubble but [redacted] previous speculative [redacted] financial *history* spotted the names of [redacted] Goldman Sachs [redacted] pyramid investment trust companies from the 1920s. The Sword [redacted] Company and Mississippi Land, firm [redacted] international speculators at [redacted] the South Sea bubble in [redacted], were [redacted] looking nicely inflated.

Nestling ominously among[redacted] the great bankruptcies of the past were Nomura and NTT balloons. There [redacted] a Cigna balloon.

Test [redacted]

■ Psychologists in [redacted] are reported [redacted] have changed [redacted] using lawyers instead of ra[redacted] in experiments. The reasons are *threefold*.

● Rats are now scarcer than lawyers.

● Laboratory assistants, who often got too fond of rats [redacted] inflict pain on them, have no such qualms about lawyers.

● Lawyers will do things no self-respecting rat would consider.

Sweden's tax shake-out

Reforms have shifted the burden from direct to indirect taxation, writes Robert Taylor

Sweden, which has the heaviest tax burden in the western world, has [redacted] new [redacted] system from this week. Its architects in the ruling Social Democrats [redacted] it represents the biggest fiscal shake-up for more than 100 years, with the abolition of [redacted] but the highest paid.

In the view of Mr Eric Asbrink, the minister in charge of tax policy, the reforms are "unique in their [redacted] compared with what other countries have achieved" – [redacted] far-reaching, he claims, than New Zealand's tax-cutting experiment, or the cuts in the UK and US in the 1980s. The overall tax burden will not fall, however, because there will be a shift from the taxing of incomes to the taxing of goods and services.

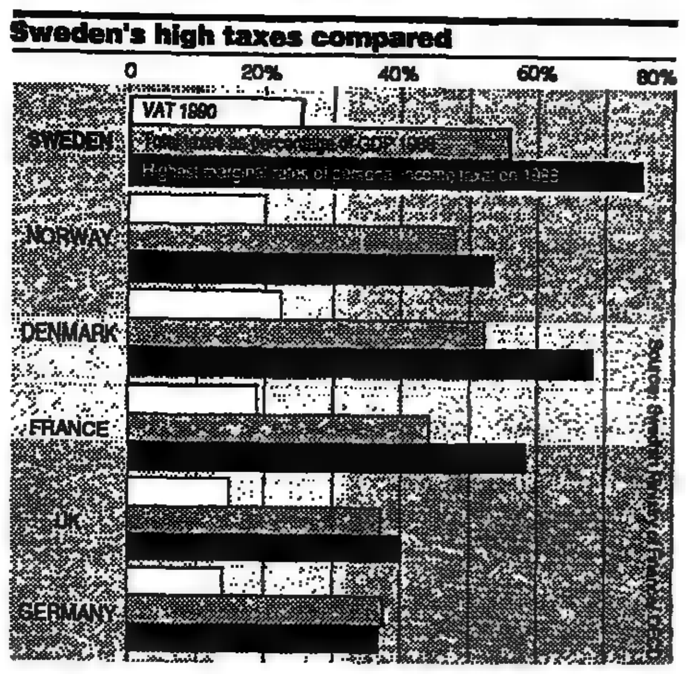
The aim is to establish a more equitable, effective tax system in Sweden, which will stimulate the work ethic, spur saving and help to create a more dynamic business culture to shake the economy out of its severe bout of combined inflation and recession.

Swedes in work are going to receive a big boost in their net pay packets. As many as 85 per cent of them – those earning SKr180,000 (£16,500) a year or less – will no longer have to pay any income tax to the central government. They will still have to pay up to 31 per cent of their gross income to local authorities – as they do now.

Moreover, the top marginal income [redacted] (including local authority tax) in 1991 will fall to 51 per cent compared with 72 per cent in 1989. For the highest 15 per cent of earners, therefore, national income tax will not be higher than 20 per cent of gross earnings.

As a result of the reform the average Swedish worker will have an estimated 35 per cent improvement in his or her disposable income. The total loss to the government of income tax revenue is estimated to be [redacted] SKr60bn [redacted].

But [redacted] will have to make up most of this deficit through the broadening of indirect taxation, which stands at [redacted] uniform rate of 25 per cent. Value-added tax – introduced in Sweden in 1969 – covered 70 per cent of goods and services [redacted] this changes. [redacted] it will be extended to all forms of public transport, housing transactions and hairdressing, [redacted] as the private consumption of energy. Exemptions remain for [redacted] and books, schools, hospitals, [redacted] services and banking. This is expected to add 3 [redacted] points to Sweden's [redacted] cent inflation rate, [redacted] leading to a further deterioration in the value of the kronor.



Mr Asbrink [redacted] the inspiration for [redacted] tax [redacted] from [redacted] America experience under [redacted] Ronald Reagan, when taxes were cut in an attempt to stimulate economic activity. "What was achieved in tax reform in the US played a big part in our Swedish debate when it began in 1986," he says.

The main thrust of the reforms will certainly be regressive, conflicting with the Social Democrats' historic commitment to an egalitarian [redacted] highly redistributive [redacted] tem which [redacted] higher incomes [redacted] pay [redacted] country's [redacted].

"The old tax system had negative effects," says Mr Asbrink. "There was a lot of tax evasion. It provided too many possibilities [redacted] through loopholes. In practice it was no longer particularly redistributive. In fact, high taxes were being imposed on those with middle and lower incomes."

Mr Sten Westerberg, head of Enskilda Fond Commission, a stockbroking firm, says: "It has been politically difficult for the government to carry through the reform. The party activists really don't like it." Ministers insist [redacted] initial impact will [redacted] cushioned by greater provision [redacted].

[redacted] Swedes, especially [redacted] young children, will gain through parallel [redacted] ments in child [redacted] housing allowances. [redacted] collar [redacted] union economists, [redacted] initially hostile, [redacted] most [redacted] beneficiaries. [redacted] point out [redacted] will [redacted] longer enjoy [redacted] perks – [redacted] deductions on [redacted] out, [redacted] housing [redacted] tax-exempt [redacted] allowances.

But [redacted] tax experts [redacted] the changes will really [redacted] finding further [redacted] the new system. A [redacted] study by the independent [redacted] Housing [redacted] suggested [redacted] would be the [redacted].

The reforms [redacted] new, uniform 30 [redacted] capital tax. This will cover interest and dividend [redacted] shares [redacted] as well as capital gains and real estate-related income, [redacted] expected to bring in [redacted] SKr35bn a year. [redacted] reforms, a [redacted] of tax rates was applied to different sources of income.

Mr Asbrink admits that the capital tax will have to be reduced soon to bring Sweden more into line with the lower taxation levels elsewhere in western Europe. The liberalisation of Sweden's financial system has made it easier for people to invest abroad, so one aim of the reforms is to attract capital back into the country.

However, the changes seem unlikely to affect the level of corporate taxation. Traditionally, [redacted] not taxed businesses particularly severely. In 1988 [redacted] taxation amounted [redacted] a mere 2.6 per cent of the country's [redacted] Domestic Product, almost the same proportion as in 1960.

The corporate tax rate will now fall from 57 per cent to 30 per cent, but on balance this will mean little real change after the 1992 corporate tax assessment. In reality, most companies only paid 30 per cent in tax before the reforms.

Mr Westerberg says the new system can only be a first step. What he wants to see is a real cut in the country's tax burden. Last year Sweden's total tax revenue amounted to about 56 per cent of its Gross Domestic Product, compared with the average in the Organisation for Economic Co-operation and Development countries of only 39.4 per cent. This is because as much as 61 per cent of the country's GDP goes into public expenditure, with a particularly high level of social benefits amounting to as much as 31.6 per cent of GDP. Even many Social Democrats recognise this must change as Sweden prepares to join the European Community.

It will remain difficult, however, to cut Sweden's huge public sector when so much spending lies in the hands of local authorities, and the pub[redacted] influenced by the country's most powerful unions and consumer groups. Reform of local authority taxation is promised by 1993.

Swedish public opinion seems ready to accept necessary change in social policy to ease tax pressures. A recent poll indicated that up to 86 per [redacted] favour [redacted] society [redacted] are lower, where they [redacted] more of their earnings [redacted]. [redacted] restricted [redacted] in genuine need.

Understandably, this country's politicians remain sceptical [redacted] have really repudiated the universalist principles of the welfare state, and they will move with caution. However, Mr Asbrink's tax reforms should change deep-rooted attitudes and help to bring [redacted] more into line with western Europe.

Clive Cookson on revelations about how galaxies are formed

Bang goes [redacted] theory of the universe

We live in an unexpectedly lumpy universe. Everyday objects are lumps [redacted] matter, and astronomers [redacted] known [redacted] centuries that outside the earth, matter joins together on an increasingly large scale to form planets and stars, which cluster into galaxies.

This week Nature, the leading scientific journal, publishes a paper proving that the galaxies themselves are distributed very unevenly through the universe. They are clumped not only into small clusters but also into "superclusters" and "filaments" hundreds of millions of light years long – that is 100m greater than the distance from the sun to the nearest star.

Nature calls the paper "sensational" because it demolishes the standard theory of the way stars and galaxies formed after the Big Bang – the cosmic explosion about 15bn years ago which gave rise to the universe. This theory, known as the cold dark matter model, cannot account for the existence of structures such as superclusters.

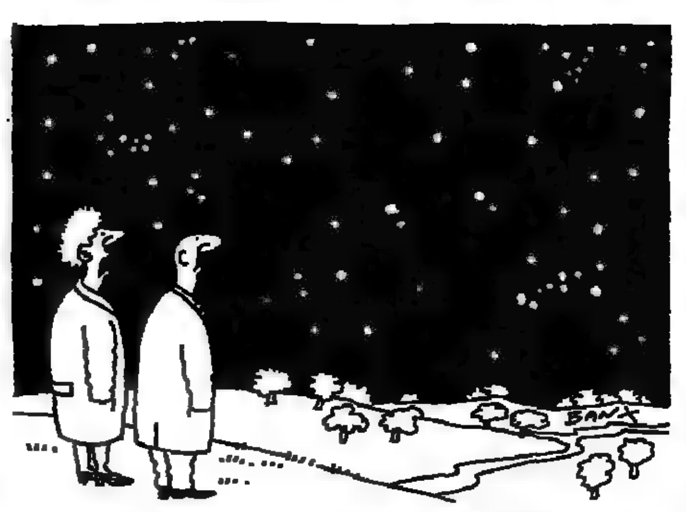
"The cold dark matter theory has worked extremely well on small scales, accounting for origins of galaxies, but it appears [redacted] fail completely [redacted] large scale," [redacted] Will [redacted] ders of [redacted] University, [redacted]

'The cold dark matter theory appears to fail on [redacted] large scale'

led [redacted] Anglo-Canadian research [redacted]. "This really has put theoreticians in [redacted] dary, [redacted] in more [redacted] they do [redacted] a single theory [redacted] explain [redacted] structure [redacted] universe."

Dr Saunders [redacted] colleagues (from Queen Mary [redacted] Westfield College, London, [redacted] Toronto) [redacted] multi-galactic structures. The most spectacular, [redacted] Great Wall, was [redacted] a year ago by Margaret [redacted] and John Huchra of [redacted] Harvard-Smithsonian Centre for Astrophysics; it is a continuous [redacted] of galaxies running through the universe for 500m [redacted] years.

What makes the Anglo-Canadian galaxy survey so significant is that it covers [redacted]



"WILL YOU TRY TO BE ROMANTIC AND STOP CALLING IT LUMPY?"

sky. [redacted] lumpiness [redacted] in [redacted] adherents [redacted] matter theory [redacted] tried to explain [redacted] such [redacted] Wall in terms of random [redacted].

The Anglo-Canadian astronomers say their survey invalidates such explanations by its comprehensiveness. "This disavowal of cold dark matter is all the more remarkable for coming from [redacted] group of authors that includes some of the theory's long-time supporters," comments David Lindley, associate editor of Nature.

The raw material for the survey was collected during 1983 by the Infrared Astro[redacted] Satellite, a [redacted] project [redacted] the [redacted] US [redacted] UK. [redacted] orbit [redacted] above [redacted] earth's obscuring atmosphere, [redacted] on 15,000 galaxies. The [redacted] seven [redacted] conclusions published [redacted] week [redacted] time-consuming part [redacted] modern [redacted] omy [redacted] making [redacted] observations [redacted] analysing [redacted] significant patterns.

The Anglo-Canadian [redacted] from the [redacted] survey a [redacted] sample of 2,000 galaxies covering virtually the whole sky. Then they [redacted] optical telescopes (the [redacted] and William Herschel observatories in the Canary Islands and the Anglo-Australian telescope in the [redacted] hemisphere) to [redacted] the "red-shift" of [redacted] galaxy [redacted] reveals its distance [redacted] the earth.

The ground-based observations took place from [redacted] 1988. Two more years of mathematical analysis [redacted] then required to produce three-dimensional galaxy maps [redacted] conclusions [redacted] them. The group expects to draw on the Iras survey to publish [redacted] stream of further scientific [redacted] during 1991 and beyond.

This research does not invalidate [redacted] Big Bang, which [redacted] still accepted by most cosmolo[redacted] the [redacted] theory [redacted] the universe started. The evi[redacted] – [redacted] ground radiation coming evenly from [redacted] sky, [redacted] is [redacted] echo of the original fireball – [redacted] overwhelming.

But astronomers are now left floundering [redacted] explanation of how [redacted] released [redacted] Big [redacted] into [redacted] and eventually [redacted] lumpy [redacted] see today. [redacted] simple [redacted] pre[redacted] an essentially smooth and random [redacted] galaxies on [redacted] of 100m [redacted] or more.

[redacted] physicists yearn [redacted] simple and elegant explanations, [redacted] Professor [redacted] Rees, [redacted] leading [redacted] Cambridge University. "I differ from them in that I think it's naive to expect a simple model to explain galaxy [redacted]. [redacted] of people [redacted] upset if the simple model [redacted] not work. I feel [redacted] rather than depressed."

Dr Saunders, on [redacted] hand, [redacted] simple theory will [redacted]. "It's [redacted] clear [redacted] the [redacted] be [redacted] of the new observations, because it [redacted] have any [redacted] parameters to [redacted]. But I think someone will come up with a brilliant lateral leap of logic."

The latest observations leave astronomers uncertain not only about the [redacted] galaxies formed but [redacted] about what matter actually exists in the universe today. The visible matter – galaxies and intergalactic dust – [redacted] for less than 10 per cent of [redacted] mass of the universe, and perhaps as little as 1 per cent.

The so-called "missing mass" – which many astronomers believed was the same [redacted] "cold dark matter" – [redacted] now more [redacted] a mystery than ever. Some of it may consist [redacted] or small [redacted] that [redacted] faint [redacted] astronomers [redacted] detect even with the most [redacted] instruments. According [redacted] this theory, the universe is swarming with a myriad of invisible bodies rather like the planet Jupiter.

But astronomers prefer to [redacted] that most of the missing mass consists of matter of a quite different sort, perhaps of subatomic particles left over from the [redacted] Bang, which interact only very feebly with ordinary matter and are therefore very difficult to detect.

Theoreticians have proposed many exotic particles as candidates to make up the missing mass: heavy neutrinos, Higgsinos, gravitinos, [redacted] and photinos, [redacted] name but a [redacted].

The so-called 'missing mass' is now more of a mystery than [redacted]

Yet another possibility [redacted] may [redacted] after all be any missing [redacted]. George Efstathiou [redacted] Oxford University, of [redacted] Anglo-Canadian team, proposed [redacted] month [redacted] the "cosmological constant", which was proposed and then [redacted] by Einstein 70 years [redacted] should [redacted] re-invented to explain away the mystery.

Although the [redacted] Hubble space telescope launched [redacted] year has been partially crippled by its incorrectly ground mirror, it is beginning to produce useful observations. There is [redacted] a sense of intense [redacted] among astronomers and cosmologists – and a feeling that [redacted] shattering of accepted theories [redacted] prelude [redacted] a new explanation of [redacted] lumpy universe.

LETTERS

It may be time to call on the auditor-general

From Mr E.D. Berman.

Sir, A number of your correspondents and recent letter writers have asked: "Where can the creditor find justice when the government and the European Commission are at fault?" I have great sympathy for and, indeed, experience concerning this predicament.

Inter-Action Trust, the educational charity, was the first UK agency to receive an EC grant back in the 1970s. This grant, with its 18-month payment-in-arrears, left us stricken. To think that things have not improved in 15 years!

Four points arise:

- Delays of this sort would not be tolerated in, or by, the private sector. There would be rapid legal action.
- Although the EC is no longer the main culprit, it must do its job better. [redacted] example, it could live up to its word on timely payment[redacted]. It could also [redacted] conditions on [redacted] payments to member states. One of these could be that payment will be made to member states upon presentation [redacted] copies of [redacted] which will [redacted] pany [redacted] cheques to client [redacted].
- Regrettably, the main cul[redacted] are the treasury and the department [redacted] employment. Perhaps the latter is under[redacted]. The minister in charge [redacted] be [redacted] to rectify this.
- [redacted] for justice, luckily [redacted] a remedy in our system. The charities involved could [redacted] the auditor-general to investi[redacted] this matter in regard [redacted] the treasury and the department [redacted] employment. He should be asked [redacted] both if maladministration is involved, and whether the [redacted] with in [redacted].

E.D. Berman,
chief executive, Inter-Action,
[redacted] Embankment, [redacted]

A word for private shareholders

[redacted] Mr Roland Hummerston.

Sir, While an expression of opinions on Taurus (Lex, December 27) other than those [redacted] the International Stock Exchange is to [redacted] welcomed, [redacted] with regret [redacted] again no mention [redacted] made of the [redacted] the private shareholder.

The [redacted]'s persistence [redacted] speedier settlement [redacted] go hand-in-hand with dematerialisation [redacted] a significant cause [redacted] much quoted pur[redacted] of "sectional [redacted] and narrow-minded infighting". [redacted] and [redacted] private shareholders, [redacted] of whom, it has [redacted] be admitted, [redacted] Taurus-ignorant, have [redacted] right [redacted] be grieved at having Taurus and its associated costs levied upon them by those who [redacted] but [redacted] ing [redacted] put their money where their mouths are.

Like [redacted] others, I am a pri[redacted] shareholder of a [redacted] whose vast majority of shareholders [redacted] private individuals, but where the [redacted] majority of the company's [redacted] by institutional corporate holders. These will, no doubt, vote through the nec[redacted] changes to the [redacted] pany's Articles at a future [redacted].

[redacted] Hummerston,
11, Lansdowne Court,
Churchfields,
Broxbourne, Herts.

Putting the record straight on de Gaulle

[redacted] D.R. [redacted]

[redacted] Jurek Martin's interest[redacted] ("By [redacted] foul play", November [redacted] the fall of [redacted] in [redacted] democratic [redacted] in recent [redacted] contains [redacted] which should [redacted] corrected.

He [redacted] that President [redacted] Gaulle fell "after winning [redacted] vote, in his [redacted] a referendum, [redacted] than overwhelmingly". In [redacted] referendum [redacted] April 22 1969, which produced [redacted] Gaulle's resignation [redacted] day, [redacted] for him: only 46.8 per cent of the [redacted] in [redacted] his proposals, with [redacted] per cent against.

The comprehensiveness [redacted] France's rejection [redacted] the [redacted] eral's proposal can be underlined by a geographical analysis, which shows that 71 departments voted against him, with only [redacted] in favour. There [redacted] be [redacted] he had gained a majority, even [redacted] small [redacted] Gaulle would have persisted in pushing through [redacted] regarded as [redacted] vital change in French institutions.

Your correspondent was no doubt thinking [redacted] events [redacted] an [redacted] stage, namely [redacted] elec[redacted] June [redacted], which [redacted] a decisive victory [redacted] servative parties, although [redacted] to [redacted] personally. [redacted] president, he [redacted] not concerned in a precise [redacted], although [redacted] then would have [redacted] an unacceptable political [redacted] his position.

Interestingly enough, at that [redacted] de Gaulle had first [redacted] call [redacted] referendum [redacted] parliamentary elections until persuaded to [redacted] mind by the [redacted] grey [redacted] of [redacted] entourage.

D.R. Watson,
department of modern history,
University of Dundee

A cathedral as a marketing ploy

From Mr Jeremy Wallington.

Sir, Colin Amery's article ("Why not a cathedral for all faiths?", December 10) could have implications for business as well as God.

As chairman of a Docklands-based media group, and founder of the catalytic Limehouse TV Studio on Canary Wharf, I find it sad that further development of Docklands is not being tackled with the imagination and thrust that characterised the early days.

The Royal Docks should be seen as the site of a new capital city for the burgeoning south-east, not simply [redacted] an extension of London. [redacted] cathedrals. An ecumenical cathedral, built in the Royals as Britain's celebration of the year 2000 and symbolising the desire to remove the religious differences which threaten to divide us well into [redacted] century, would be a wonderful achievement – and excellent marketing.

Jeremy Wallington,
chairman, [redacted] Irving [redacted] Ltd,
[redacted], West India [redacted]

West should meet East at least halfway if cultural barriers are to go

From Mr Nigel Campbell.

Sir, The cultural barrier faced by Japanese companies in their international operations is already being partly overcome ("Industry hits a cultural barrier", December 5). Japanese companies are establishing design and engineering centres overseas, creating international alliances and making acquisitions, but more fundamental is their strategy to create [redacted] pool of international Japanese managers. In-company language and cultural training [redacted] increasing, more young Japanese are being [redacted] MBA programmes overseas; and some senior managers are becoming permanent expatriates.

This strategy is essential [redacted] the competitiveness [redacted] Japanese companies depends on [redacted] personal communications [redacted] an in-group, who know [redacted] other well [redacted] know how best to get things done. Complex flows of information have to be co-ordinated to achieve manufacturing and distribution efficiency. An in-group of managers can make adjustments quickly and flexibly. [redacted] this, many [redacted] panies [redacted] setting up global electronic networks [redacted] speed up the [redacted] of information and [redacted].

The senior Japanese managers in [redacted] subsidiaries, [redacted] the "shadows" [redacted] non-Japanese managers, [redacted] costly, but without them [redacted] ordination could [redacted] down and they [redacted] pool of managers with [redacted] experi[redacted].

We should [redacted] criticise [redacted] policy; it is the natural and logical thing for Japanese compa[redacted] do.

A greater role for non-Japanese [redacted] only come [redacted] of them speak Jap[redacted], accept the long work hours [redacted] sufficient commitment [redacted] become part [redacted] the in-group. In [redacted] words more "Japanised" foreign [redacted] are needed, and only [redacted] they [redacted] can the cultural barrier be eliminated.

Nigel Campbell,
senior [redacted] strategy,
Manchester Business School,
[redacted] West, Manchester

FINANCIAL TIMES
Friday January 4 1991

Consul general Aryeh Levin [illegible] the Israeli flag in [illegible] yesterday

Israeli consulate reopens in Moscow

By Quentin Peel in [illegible]

THE blue-and-white [illegible] again [illegible] the former Israeli embassy in Moscow's Bolshaya Ordinka Street yesterday [illegible] it [illegible] reopened [illegible] a consulate-general.

The ceremony marks the first [illegible] towards restoration of full diplomatic relations between Israel and the Soviet Union, broken off after the 1967 Six Day War.

"[illegible] an embassy in all but name," Mr Aryeh Levin, the [illegible] consul-general, [illegible] after the opening. [illegible] consulate will deal with commercial [illegible] as [illegible] as visas. [illegible] political relations, "we [illegible] a gentleman's agreement with the Soviet Union [illegible] we will meet at [illegible] diplomatic level, in spite [illegible] we [illegible] just a consulate".

Officially, however, [illegible] Soviet Union has insisted [illegible] Israel back a Middle East [illegible] conference, before full relations [illegible] although Mr Eduard Shevardnadze, the Soviet foreign minister, appeared to relax that precondition in his last statement.

There is no doubt, however, that [illegible] prime [illegible] of the consulate will be to process the flood [illegible] Jewish emigration [illegible] from [illegible] Union. Soviet Jewish emigrants [illegible] topped [illegible] last [illegible] expected to reach double that figure in 1991, Mr Levin said.

"There are 1,500 people standing outside the gates every day of the week," [illegible] said. They were [illegible] simply fleeing the growing economic and social chaos in the Soviet Union, but also genuinely seeking to rediscover [illegible] cultural heritage in Israel.

"In spite of [illegible] that they know [illegible] in Israel, they [illegible] still going there," he said. He rejected the accusation by Gen Vladimir Kryuchkov, [illegible] of the KGB, [illegible] Soviet security service, [illegible] there was [illegible] sort of conspiracy [illegible] cause a [illegible] drain.

"We are [illegible] sending people across the country to propagate," he said. "The [illegible] drain was as important 10 or 15 [illegible] ago [illegible] it is today. If the Jews who are going now had a different feeling towards the [illegible] Union, they [illegible] not be going."

[illegible] currently [illegible] six staff, who will begin [illegible] visas from today, but it expects rapidly to build up numbers to full embassy size.

Mr Levin [illegible] that [illegible] flights between Moscow [illegible] Aviv would begin before the end of the month. But the Soviet [illegible] is refusing [illegible] allow [illegible] emigrants to buy tickets [illegible] the [illegible] made a [illegible] statement saying they [illegible] not be settled in the occupied territories.

Mr Levin said he thought the Soviet request [illegible] because several government [illegible] had already given assurances on the [illegible]

Germans favour a low profile in world affairs

By David Marsh in Bonn

THREE-QUARTERS of [illegible] believe [illegible] country should keep out [illegible] international conflicts, according [illegible] opinion poll published today [illegible] highlights [illegible] Bonn's low-key role in [illegible]

[illegible] opinion poll, [illegible] wide-ranging survey [illegible] German [illegible] unification [illegible] months [illegible] that [illegible] firmly reject any [illegible] international [illegible] united country.

[illegible] Germany should intervene in international [illegible], 75 per [illegible] respondents in east and west replied [illegible] Germany [illegible] out, [illegible] only [illegible] favoured some [illegible] involvement. The [illegible] for non-interference was particularly [illegible] Germany, where 78 per [illegible] non-intervention, against [illegible] per cent in the west.

The responses suggest that the new Germany will be more inward than outward-looking. They underline why [illegible] German government is not only taking a back seat role over [illegible] military build-up [illegible] Middle East, but has also been cool [illegible] taking a higher world profile, for instance through a permanent seat on the UN security council.

The [illegible] by [illegible] Zeitung [illegible] Germans believe good [illegible] with [illegible] Soviet Union should [illegible] priority [illegible] ties with [illegible]

The report backs up [illegible] widespread belief that, with the ending of the Cold War, people in the united Germany [illegible] the country's political [illegible] as equidistant [illegible] and west, despite membership [illegible] Nato.

A total of 59 per cent of people in the two halves [illegible] country [illegible] "particularly close relations" with [illegible] Soviet Union, [illegible] only 44 per cent desiring the same for the US. The [illegible] rapprochement with [illegible] is particularly strong [illegible] Germany, where nearly two-thirds favour this goal, against 46 per cent east of the Elbe.

In findings which are likely to cause concern in Tel Aviv, the report suggests that only 4 per cent of [illegible] favour close relations with Israel. Partly because of Israel's intransigence [illegible] the Palestinian question, as well as the legacy [illegible] 40 years [illegible] anti-Zion[illegible] propaganda [illegible] the Elbe, [illegible] per [illegible] Germans believe Bonn should now downgrade [illegible] warm post-war [illegible] the [illegible]

Close links with France were seen as important by 36 per cent of respondents. Relations with Britain were seen as a priority by only 12 per cent.

THE LEX COLUMN

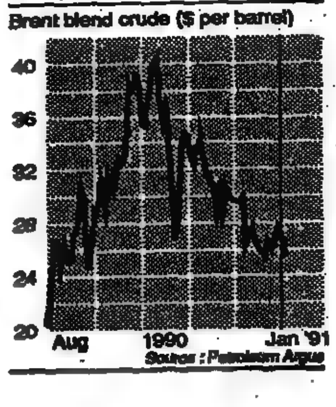
The pressure of the deadline

The year [illegible] begun with a curious [illegible]ance of market inconsistency. Equities on both sides of the Atlantic [illegible] weak, at [illegible] partly [illegible] of heightened anxiety about the Gulf. But the oil price has fallen by almost 10 per cent in two trading days to its lowest since the onset of the crisis last August. Given its intimate involvement, the oil market is probably the better guide. The equity markets have nothing materially new to worry them, either on the Gulf or on recession. But the start of the year is an appropriate time to brood [illegible], especially as the UN deadline draws clo[illegible].

It would be nice to think of [illegible] London [illegible] engaged in the mirror image of its false [illegible] last year, when it rose 40 points in the first two trading days and then promptly fell by 15 per cent. [illegible] the approach of the UN deadline has the markets mesmerised. Trading [illegible] fallen [illegible] a trickle [illegible] and seems likely [illegible] stay [illegible] way.

Nevertheless, the London market should bear in mind another curious anomaly. The UK chancellor's relentless gloom seems to be achieving the desired effect on the foreign exchange markets. At its close of DM2.906 sterling is more than six pfennigs clear of its ERM floor and within striking distance of leaving the franc as the system's weakest member. Much more of this and a base rate cut might be achievable after all.

Oil price
Brent blend crude ($ per barrel)



Source: Petroleum Argus

US banks

There is nothing new about populist politicians in the US taking a swipe at bankers. The practice goes back at least to Andrew Jackson. At a time when the New England banking system is flat on the canvas, thanks to the deadweight of billions of dollars of bad real estate loans, it was in character this week for an incoming Democratic governor in Rhode Island to make a local sensation by shutting [illegible], albeit temporarily. Whether the affair is more than demagoguery is another matter. Something similar happened to 71 state banks in Ohio in March 1985, when the near-failure of Continental Illinois was still a recent memory. That crisis failed to bring down the US financial system. The shenanigans in Rhode Island, a state [illegible] only one million inhabitants, may prove no more seri[illegible]

[illegible] that [illegible] complacent [illegible] view? Perhaps. [illegible] Rhode [illegible] governor could argue be is giving the people what they want: radical solutions to the woes of the nation's over-geared, under-managed banks. Given that the Federal Deposit Insurance Corporation reckons bank failures nationwide could cost it $14bn in 1991, nearly exhausting its funds, the fact [illegible] a crisis [illegible] not in doubt. But [illegible] Rhode Island episode may indicate that between them the banking industry and the US authorities are in danger of being overtaken by the strength of public anger about the bankrupt savings & loans and now some precariously positioned banks. Hence the likelihood that the Fed will continue easing monetary policy in an effort to calm the situation.

Stores

This week's trading statements from Boots, Storehouse and Ratners confirm the impression of a mildly disappointing Christmas for UK retailers. Given that expectations were pretty modest in the [illegible] place, the suspicion is that the industry's troubles could deepen yet. Last year's rally in retailing stocks looks increasingly premature. In spite of having since been partly reversed, it has left the sector 12 per cent up against the market over 12 months.

[illegible] mistiming was largely the result of undue optimism [illegible] interest [illegible] The premise [illegible] mistaken in more ways than one. It is true that the industry first hit big trouble when base rates went to 15 per cent 18 months ago, with the effects being felt first by retailers serving highly borrowed sectors of the population. But the damage then spread [illegible] growth in real incomes came under pressure [illegible] the [illegible] It [illegible] consumer [illegible] will be one [illegible] the first elements of the economy to recover: it is also likely that those retailers relying on the highly-geared consumer will recover earlier than the rest. But the extent of the recovery should be treated with caution.

The fundamental difficulty was neatly illustrated by Ratners yesterday. Its like-for-like sales over Christmas rose by well over 10 per cent. Its costs were up by more again. The industry is still bedevilled by rising costs, whether of labour or of occupancy. Sufficient growth to solve the difficulty is not on offer.

FNFC

The implications for the UK economy of yesterday's results from First National Finance Corporation are not cheerful. The experience of the UK's biggest independent supplier of consumer credit suggests the current recession is deeper and wider than that of the early 1980s. In terms of the housing market it may be worse than the mid-1970s. But if that is cold comfort for borrowers, FNFC itself should weather the storm. In spite of the apparently ugly addition of £88m of provisions, there are reasons to be moderately cheerful: the maintained dividend, for a start. The difficulty is that even the most cautious optimism is unlikely to be rewarded with much in the way of share price performance.

Given FNFC's £1.8bn loan book – up more than 12 per cent over the year – and its front-line exposure to the ranks of distressed mortgage borrowers, the provisions are hardly alarming. If, as seems likely, property valuations on a forced sale basis are tending to understate market values, the group may yet be able to write back some of the amount. However, that assumes a sharp fall in interest rates and a bounce in market confidence. Although the residential property market appears to have been steadying in recent months, there is still plenty of room for bad news if interest rates stay high or move higher.

A measure of FNFC's uncertain outlook is the difficulty in forecasting this year's profits. A figure around £30m suggests only £9m in the first half as well as a much higher tax charge, while earnings per [illegible] – which [illegible] last year – may fall by a quarter again. The shares presently yield nearly 10 per cent. Whether [illegible] is sustainable is another matter.

Virgin seeks more flights into Tokyo

By Paul Betts, Aerospace Correspondent, in London

VIRGIN Atlantic Airways, the independent UK [illegible] airline, yesterday asked the [illegible] Civil [illegible] Authority [illegible] grant it additional rights [illegible] fly to Tokyo's [illegible] airport to compete against British Airways.

Mr Richard Branson, Virgin chairman, warned [illegible] a public hearing in London that the survival of the airline's London to Tokyo service depended on Virgin gaining greater access [illegible] Narita.

The case is regarded by the airline industry [illegible] significant because it could [illegible] a precedent for the way slots are allocated [illegible] UK airlines at congested airports.

It [illegible] also [illegible] CAA [illegible] been asked [illegible] arbitrate on the [illegible] capacity availiable t[illegible] UK carriers at overseas airports.

BA rejected Virgin's attempt [illegible] force it [illegible] hand over some of its slots to its smaller rival and has asked for the application to be rejected.

Virgin currently flies four times a week to Narita.

The CAA is expected to make a ruling in the next few days.

Under [illegible] current bilateral agreement between [illegible] UK and Japan, British carriers have a total [illegible] 38 slots a [illegible] Narita. [illegible] holds 30, [illegible] being held by Virgin. Mr [illegible] seeking an additional eight slots.

Mr Branson said that the only way Virgin could be sure to survive on [illegible] London [illegible] Tokyo [illegible] was to compete on a more equal footing with BA.

He argued that Virgin not only provided additional [illegible]petition [illegible] the London-Tokyo route, but was also the only long-distance UK carrier competing against BA.

A group of East Providence Credit [illegible] customers [illegible] one [illegible] the company's offi[illegible] following the closure [illegible] this [illegible] of 45 financial institutions in Rhode Island. Pledge over [illegible] Island credit unions, [illegible] 3

Irish terrorist suspect, wanted by UK, dies in apparent suicide

By Jimmy Burns in London

PATRICK SHEEHY, one of Britain's [illegible] terrorist suspects, has been found dead in the Irish Republic.

The body of the 30-year-old Irish-born plasterer who became an Irish Republican Army "volunteer" was [illegible] on Wednesday close to two Republican monuments in Nenagh, County Tipperary, [illegible] miles [illegible] Dublin, with a [illegible] bullet shot through his temple. A pistol lay nearby.

Local police said there were [illegible] suspicious [illegible] although [illegible] behind the apparent suicide remained shrouded in mystery.

Sheehy [illegible] not belong to the command structure of the IRA and had no criminal record or known terrorist links until his fingerprints were found in an IRA bomb factory in south London in December 1988.

Security [illegible] that Sheehy's death fell [illegible] short [illegible] a major breakthrough in the fight against [illegible] IRA. They played down [illegible] reported key involvement in [illegible] attacks in the UK over the last year, and suggested that he may have been living in the Irish Republic at the time when [illegible] these [illegible]

[illegible] Sheehy [illegible] been linked by British police to a series of IRA operations both [illegible] Britain and on the Continent over the last three [illegible] is believed [illegible] have been directly involved in a bomb attack on an army barracks in London in August 1988 when a soldier was killed.

Britain[illegible] squad matched Sheehy's handwriting with that which appeared on a [illegible] of more than 100 prominent people during the raid on [illegible] south London [illegible] factory.

[illegible] IRA yesterday issued a [illegible] in Dublin confirming with "deep regret" that the body found in Nenagh was "one of our members, Volu[illegible] Sheehy".

It added: "There are no further details available at the [illegible] of his death are still being investigated."

The statement appeared to rule out [illegible] Sheehy had [illegible] killed either by the security forces [illegible] by [illegible] own colleagues. However, there was speculation from Republican sources that Sheehy may have been [illegible] of an [illegible] IRA feud.

Soviets agree economic plan

[illegible] from Page 1

The deal is supposed to keep economic relations [illegible] pending the [illegible] new Union Treaty.

[illegible] said representatives of all republics attended, suggesting that even Lithuania sent somebody, although possibly merely as an observer.

Mr Anatoly Gorbunovs, the Latvian president, attended for [illegible] government, announcing [illegible] he was [illegible] a separate meeting with Mr Gorbachev to protest at the action of Soviet Interior Ministry troops in seizing the main new[illegible] printing house in the re[illegible]

Tension in Latvia is running high after a series of minor bomb [illegible] government as deliberate acts of provocation by pro-Soviet [illegible], and now the paramilitary action in seizing the Communist party print works.

Mr Gorbachev [illegible] announced that his newly elected [illegible]president, Mr Gennady Yanayev, would chair a [illegible] nominate mem[illegible] of the new cabinet of ministers, which will replace the present council of ministers.

"Continuity and renewal will be the motto," Mr Gorbachev said, looking tired but attempting cheerfulness. "We want to keep some old people and bring in some new [illegible]ple."

WORLDWIDE WEATHER

		°C	°F
[illegible]	S	15	59
Algiers	S	19	66
Amsterdam	F	9	48
Athens	S	14	57
[illegible]	F	15	59
[illegible]	F	33	91
[illegible]	S	14	57
[illegible]	–	–	–
[illegible]	Sn	1	34
[illegible]	[illegible]	7	45
Berlin	[illegible]	8	46
Biarritz	S	17	63
Bombay	S	23	73
Bordeaux	C	13	55
Boulogne	F	6	43
Brussels	C	8	46
Budapest	[illegible]	7	45
Buenos Aires	F	30	86
Cairo	F	20	68
Cape Town	S	23	73
Caracas	[illegible]	[illegible]	61
Casablanca	[illegible]	15	59
Chicago	S	-18	0
Cologne	C	7	45
Copenhagen	[illegible]	6	43
Corfu	S	14	57
Dallas	C	-1	30
Dublin	[illegible]	4	39
Dubrovnik	[illegible]	14	57
Edinburgh	[illegible]	[illegible]	[illegible]
Faro	S	14	57
Florence	C	11	52
Frankfurt	R	10	50
Geneva	S	10	50
Gibraltar	F	16	61
Glasgow	F	3	37
Helsinki	Sn	0	32
Hong Kong	C	18	65
Innsbruck	F	5	41
[illegible]	[illegible]	[illegible]	36
[illegible]	[illegible]	[illegible]	[illegible]
Istanbul	[illegible]	[illegible]	[illegible]
Jakarta	C	31	88
Jersey	R	9	48
Johannesburg	F	26	79
Lima	F	25	77
Lisbon	S	8	46
London	F	8	46
Los Angeles	R	13	55
Luxembourg	Dr	9	48
Madeira	F	[illegible]	65
Madrid	[illegible]	3	37
Majorca	F	16	61
Malaga	S	[illegible]	[illegible]
Malta	F	15	59
Manchester	F	6	43
Manila	C	32	90
Melbourne	[illegible]	[illegible]	[illegible]
Mexico City	[illegible]	24	75
Miami	[illegible]	21	70
Milan	[illegible]	0	32
Montreal	[illegible]	-17	1
Moscow	[illegible]	-8	18
Munich	[illegible]	[illegible]	[illegible]
Nairobi	–	–	–
Naples	F	14	57
Nassau	F	29	84
New Delhi	C	14	57
New York	[illegible]	2	36
Nice	[illegible]	15	59
[illegible]	F	17	63
Oporto	F	13	55
Oslo	F	1	34
Paris	R	11	52
Peking	S	-2	28
[illegible]	F	10	50
Reykjavik	F	[illegible]	37
Rhodes	F	15	59
Rio de Janeiro	F	28	82
Rome	F	10	50
Salzburg	C	9	48
San Francisco	C	6	43
Seoul	Sn	-2	28
Singapore	R	28	82
Stockholm	C	4	39
Strasbourg	C	11	52
Sydney	C	20	68
Taipei	C	23	73
[illegible]	[illegible]	16	61
[illegible]	F	18	64
Tenerife	S	20	68
Tokyo	S	10	50
Toronto	C	-7	19
Tunis	S	15	59
Valencia	S	14	57
Venice	C	4	39
Vienna	F	14	57
Warsaw	S	9	48
Washington	F	1	34
Zurich	F	10	50

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog [illegible] S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Friday January 4 1991

INSIDE

Logica restructures operations in US

Weakness in the American market for computing services has forced further job [illegible] the US [illegible]ary of Logica, one of the [illegible] largest [illegible] houses. Logica revealed yesterday that 80 jobs out of some 580 [illegible] shed in North America as part of [illegible] restructuring programme designed [illegible] return the subsidiary [illegible] profit later this [illegible]. Page 19

Gemina in early lead

The ending of the [illegible] monopoly in Italy has led to a race to [illegible] up a [illegible] of [illegible] companies. In the [illegible] Gemina, a [illegible] affiliate, which [illegible] setting up [illegible] stockbroker-cum-fund manager in [illegible] joint venture with Crédit Lyonnais. Haig Simonian reports. [illegible] 18

Retailers ring in [illegible] grim year

The collapse of the UK jewellery chain, Easthope & Co, could be a grim [illegible] things [illegible] in Britain. Cautious trading [illegible] yesterday by [illegible] Group [illegible], and a further round [illegible] profits downgradings by London analysts added [illegible] prevailing gloom. John Thornhill [illegible] Britain's *high street retailers [illegible] struggling [illegible] survival* amid rising [illegible] sharpest [illegible] in [illegible] growth for a decade. Page 19

SA banks face rationalisation

[illegible] African legislation will [illegible] tougher for the domestic financial services sector. The Deposit Taking Institutions Act aims to reduce the differences between banks and building societies and bring capital adequacy requirements into line with the Basle rules. *Underpinning the new Act is the desire for a more stable banking system, with better risk management. It will lead to a speeding up of rationalisation plans already under way.* Philip Gawith reports. Page 17

A cracking pace

The Caracas Stock Exchange astonished investors and analysts in [illegible] by showing the [illegible] gains, even [illegible] terms, [illegible] any of the [illegible] markets. As Venezuela's oil-driven economy began to pull [illegible] of a [illegible] recession in [illegible], [illegible] index [illegible] exchange, known as [illegible] de Valores de Caracas, soared 543 per [illegible], rising from 2,754 on [illegible] 1989, to a high of 17,701.80 [illegible] December 28, 1990. [illegible] reports. Page 32

New Zealand retribution

Countless New Zealand investors, ruined in [illegible] October 1987 stockmarket crash, are now scenting retribution. Particular recrimination is [illegible] corporate high flyers [illegible] continue to live in style following [illegible] collapse of their companies. Faced [illegible] apparent inability of [illegible] courts [illegible] bring wrong-doers [illegible] book, *the government has now set up a Serious Fraud Office.* Page 17

Chief price changes yesterday

FRANKFURT (DM)				**Falls**			
Rises				A & W Brands	$32\frac{3}{8}$	–	$2\frac{1}{8}$
Aachener Mn	690	+	35	Calgon Carbon	$39\frac{1}{4}$	–	2
Beiersdorf	752	+	12	Healthdyne	8	–	$2\frac{5}{8}$
Leifheit	755	+	30	Philip Morris	50	–	[illegible]
Falls				**PARIS (FFr)**			
Altana	465	–	10	**Rises**			
Badenwerk	218	–	4	[illegible] Liquide	625	+	[illegible]
Varta	289	–	4	Chargeurs	660	+	22
NEW YORK ($)				BTM-Entreprise	329	+	25.1
Rises				Matra	228	+	11.5
IBM	113	+	$\frac{1}{2}$	Schneider	659	+	37
the Limited	19	+	$\frac{5}{8}$	Simco	565	+	22

New York prices at 12.30. Tokyo closed.

LONDON (Pence)				Prudential	189	–	6
Rises				RMC	623	–	20
GRE	187	+	8	RTZ	430	–	[illegible]
Pittard Garnar	55	+	12	Redland	555	–	[illegible]
Ratners	165	+	7	Shandwick	49	–	2
Falls				SmKline Bcham	617	–	12
BP	328	–	7	Standard Chart	247	–	7
Frogmore	304	–	12	Steetley	342	–	9
Goldsmiths	33	–	3	Tarmac	235	–	6
Ibstock J'sen	95	–	4				
Logica	160	–	7				

Arbed [illegible] of sharp fall in profit

By Lucy Kellaway in Brussels

ARBED, the Luxembourg steelmaker, has warned that [illegible] profits for 1990 will be well below the record profit of 1989, hit both by the crisis in the Gulf and by the slow [illegible] in the steel [illegible].

The warning, carried in the company's magazine "Arbed News", [illegible] just after the [illegible] *that a planned* merger of its flat-steel making division with Cockerill Sambre, the Belgian steelmaker, had fallen through.

Mr Georges Faber, the company's president, said that Arbed had been caught out by a fall in the prices of almost all steel products.

This had started at the beginning of the [illegible], but by the fourth quarter the declines had become unduly marked – more so than had been generally predicted.

[illegible] *problem, he said, was [illegible]* a marked fall in demand [illegible] steel, [illegible] producers' competitive efforts [illegible] outbid each other. Although Mr Faber did not hint at the level of profits [illegible], analysts are expecting a [illegible] some [illegible] ($211m) [illegible] tax, compared with almost LFr10bn [illegible] year.

Arbed has also been hit by the beginings [illegible] recession in the car industry – [illegible] second most important market by [illegible] – and by the problems in the elec[illegible] and computer industry, which have made life difficult for [illegible] recent acquisitions.

[illegible] the first quarter [illegible] this [illegible], Mr Faber painted an uncertain picture for Europe's [illegible] industry, although he pointed out that everything would depend on events in the Gulf and other political decisions outside the company's control.

In spite of these problems Mr Faber expressed some [illegible] in his outlook for 1991.

He said the [illegible]pany's production had increased by [illegible] per [illegible] in December [illegible] part of a policy of [illegible] the production of a [illegible] products [illegible] prices had [illegible] least [illegible] by the [illegible] omy.

Most of these are beams for the building sector.

The company is still hoping to form other alliances with steel producers in neighbouring countries – the German steel producers are thought to be a favourite.

This would [illegible] Arbed to increase its strength in a market where it is an advantage to be [illegible].

Mr Faber said that as the steel industry [illegible] getting more and more international, it was essential for a company such as Arbed to form alliances with its neighbours in order to influence the market, rather than to be at its mercy, as at present.

Debtors sign up for intensive care

UK banks are braced for soaring provisions and [illegible] influx of troubled clients, reports David Lascelles

When Sir John Quinton, the chairman of Barclays, the UK's largest bank, [illegible] UK banks might [illegible] as [illegible] £2bn ($3.89bn) of [illegible] on their hands [illegible] year, he [illegible], [illegible] anything, understating [illegible].

City analysts [illegible] warning for [illegible] months that [illegible] UK [illegible] taking a heavy [illegible] bank profits. Many of them [illegible] produced [illegible] debt [illegible] well [illegible] John's. Mr Michael [illegible] Smith New Court, [illegible] example, thinks the total could [illegible] £3bn. "The banks [illegible] hoping [illegible] provisions [illegible] 1991 [illegible] the same [illegible] in 1990. But we think [illegible] will be [illegible] this year," he [illegible].

Soaring provisions are only part [illegible] recession as far [illegible] the banks [illegible] concerned. Dealing with the fast-growing number of troubled companies is itself a major task, and they have been bracing themselves for heavy demands from cli[illegible]ts.

Mr Rodney Baker-Bates, managing director of UK banking at Midland Bank, estimates that a problem client requires between five and 10 times as much work as a healthy one. "It's a question of resources," he says. "It takes a lot of time and people."

These problems are not new for banks, of course. They gained a lot of experience during the last recession in the early 1980s. The intensive care units which they set up then to nurse the worst cases back to health were never completely closed down. But the years of the lending boom in the middle of the decade have made things much worse, bankers say.

Mr Sidney Shore, general manager of corporate banking at Lloyds Bank, says: "The market got totally out of kilter. There was a vast oversupply of lending." He lists three common characteristics of companies which have got into trouble in the last six months. They borrowed too much, they were doing business with [illegible] many different banks, [illegible] they placed [illegible] much reliance [illegible] short-term [illegible].

The tell-tale signs of trouble are [illegible] company [illegible] making heavy [illegible] of [illegible], and bumping up against [illegible] limit. Management [illegible] communicative, and information begins [illegible] deteriorate. Another [illegible] when [illegible] issuing [illegible] regular [illegible] cheques for round sums; [illegible] a deal [illegible] creditor [illegible].

Eventually, the [illegible] to step in. The usual [illegible] an auditors' report, [illegible] if [illegible] is positive – and in nine cases out of 10 it is – [illegible] refinancing package [illegible] to [illegible] assembled. The [illegible] will be put [illegible] care unit [illegible] specialist [illegible] look after [illegible] as much [illegible] years until [illegible] again.

Usually, this entails [illegible] banks [illegible] eye [illegible] the [illegible] and nursing its financial [illegible]. In extreme cases the banks [illegible] heavily involved, sharing in management decisions, approving large paym[illegible] and dealing with suppliers.

But even this has become more difficult with [illegible] numbers [illegible] companies have these [illegible] (Polly Peck had nearly [illegible]). This [illegible] why the Bank of England [illegible] been trying [illegible] win acceptance for procedures known [illegible] the "London Rules". [illegible] aim [illegible] create [illegible] breathing space so that creditors can assess the situation calmly.

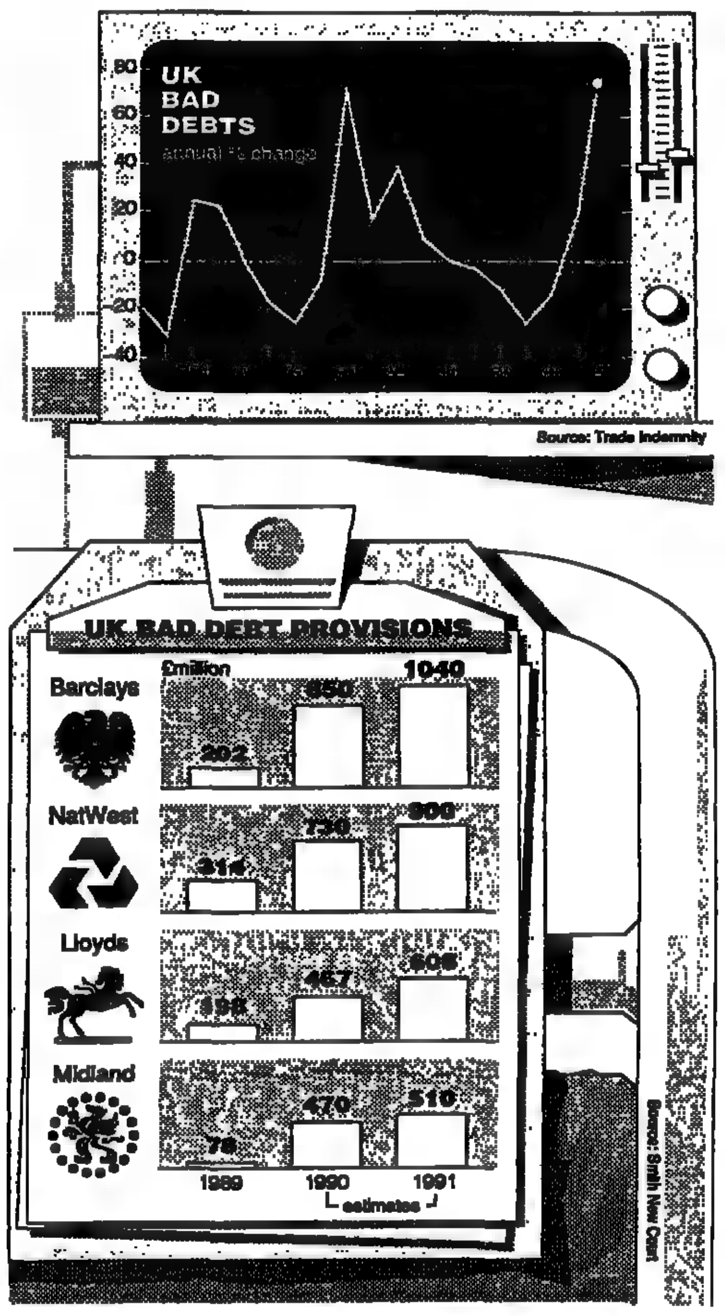
The situation has to be close to hopeless [illegible] call in an administrator [illegible] receiver. Although [illegible] public perception is of heartless bankers condemning ailing [illegible] death, bank[illegible] their [illegible] of [illegible] are when companies survive. "We always start with the view: how can [illegible] help?" says Mr [illegible] at [illegible]. The new insolvency [illegible] encouraged [illegible] and [illegible] to [illegible] when [illegible] problem looms – and given them the [illegible] with [illegible] procedures such [illegible] administration.

The clearers are [illegible] of saying how [illegible] companies they have in their intensive [illegible] units. [illegible] numbers are clearly rising. Barclays [illegible] about 60 [illegible] in the unit, and will probably be in[illegible] that shortly, according [illegible] Mr George Cracknell, [illegible] bank's UK [illegible] sector director. Even at its low point in the [illegible] people. Lloyds Bank's unit [illegible] only [illegible] now has [illegible].

All [illegible] indications [illegible] company failures will be [illegible] in this recession than the last. The bad [illegible] figures [illegible] Indemnity already [illegible] out. While the last [illegible] claimed only [illegible] major corporate [illegible] – Stone Platt – [illegible] already claimed several: British [illegible] Commonwealth, Polly Peck [illegible] Rush [illegible] Tomkins.

Another difference is [illegible] the problem companies [illegible] time round tend to be in the service [illegible] – retailing, [illegible] and leisure, [illegible] example – with [illegible] tangible assets which [illegible] hold as security. Even [illegible] is land [illegible] plant, its [illegible] probably fallen quite sharply.

Mr Cracknell at Barclays expects the first half of this year to be at least [illegible] difficult as last year. "But we might [illegible] recovery and revival in the [illegible] half," he says. But he [illegible] that the bad debt picture is far from uniform. The problems [illegible] on London and the South [illegible] with their prevalence [illegible] service industries. The more industrial regions [illegible] and [illegible] are holding up [illegible].



Source: Trade Indemnity

Source: Smith New Court

Hopes rise on state support for Olivetti job cuts plan

By John Wyles in Rome

OLIVETTI'S chances of securing the Italian government's backing for an early retirement scheme to help [illegible] workforce have improved following the intervention [illegible] Mr [illegible] Cattin, the Minister of Labour, and strong lobbying by trade [illegible].

The company has been hard hit by [illegible] downturn in [illegible] world computer [illegible] and is trying to cut labour costs in an effort to [illegible] competitiveness.

However, Olivetti [illegible] at [illegible] with the unions over transitional measures [illegible] be applied [illegible] the [illegible] legislation could [illegible] produced [illegible] permit the early retirement [illegible] employees.

The two sides will meet in Turin today [illegible] attempt [illegible] overcome union objections [illegible] indefinite laying [illegible] from [illegible] and [illegible] a rotating lay-off for [illegible] more.

[illegible] original request for financial backing [illegible] up [illegible] people [illegible] by [illegible] government in early December. The plan [illegible] for [illegible] retirement [illegible] and [illegible] women.

The company [illegible] proposed [illegible] 1,000 [illegible] employees for [illegible] and development [illegible] in the south of Italy. Recently, Giorgio Benvenuto, general secretary [illegible] the UIL, [illegible] Italy's [illegible] union confederations, said that [illegible] would support [illegible] plan, adding that it should be seen [illegible] "an ad hoc measure for restructuring the computer industry and [illegible] as something for general application".

Mr [illegible] promised a legislative proposal by January [illegible] which would support early retirement for [illegible] Olivetti employees whose pension contributions have run for [illegible] least 30 years.

However, it [illegible] from clear whether [illegible] Minister [illegible] Labour has the authority [illegible] commit [illegible] government [illegible] it.

Mr [illegible] has also told [illegible] unions that [illegible] Olivetti employees could be [illegible] public service jobs.

The company itself [illegible] ready [illegible] a further 500 within its business.

It thus seems that any [illegible]tual agreement with [illegible] government and unions will fall well short of [illegible] cuts [illegible] company was originally looking for [illegible] it abandons [illegible] of recruiting 1,000 new employees.

It [illegible] well be that [illegible] original target was [illegible] "political" number which it expected [illegible] negotiate downwards. In [illegible] meantime, [illegible] unions [illegible] hinting that they may [illegible] Mr Cattin [illegible] early retirement legislation [illegible] Olivetti agrees [illegible] rotating lay-off for all [illegible] employees.

Perrier optimistic on US sales

JACQUES VINCENT, chairman of Source Perrier, the French drinks and dairy products company, said [illegible] expected Perrier sales in the [illegible] recover by this summer to the level attained before it withdrew the product because of [illegible] health scare, writes our Financial Staff.

The company [illegible] February withdrew about 160m bottles of Perrier from its worldwide stocks after discovering traces of benzene in some of the bottled water owing to a filtration fault at the production plant.

In 1989, before the scare, Perrier sold 260m bottles in the US. The incident cut Perrier's share of the US market from 44.8 per cent to 20.7 per cent. By July the group had recovered 70 to 75 per cent of its US market share. This has improved to 75-85 per cent of

the previous level, [illegible] chairman said. *"In the course of this year, during the summer, [illegible] will recover to the previous level,"* [illegible] said.

However, Mr Vincent did [illegible] expect US sales of [illegible] surpass [illegible] level.

In an interview with a French newspaper, Mr Vi[illegible]t also said that [illegible] seeking [illegible] sell [illegible] drink label, Pschitt.

Last May, Perrier [illegible] three [illegible] *brands* – [illegible], Bali and Atoll – to the UK food and drinks group, Cadbury Schweppes.

Mr Vincent said Perrier intended [illegible] develop [illegible] in [illegible] dairy products sector, which [illegible] about [illegible] per [illegible] the group's 1989 turnover [illegible] FFr17.19bn ($3.4bn).

Perrier's mineral water sales accounted for FFr8.74bn, with *foreign sales representing* FFr5.44bn. However, Perrier markets other brands [illegible] the US.

Dalborg to be new head of Sweden's state-run Nordbanken

By Robert Taylor in Stockholm

MR Hans Dalborg [illegible] appointed [illegible] executive [illegible] Nordbanken, [illegible] state-controlled commercial bank yesterday, following the forced resignation of the board just before Christmas.

Mr Dalborg, 49, is currently deputy chief executive at Skandia, [illegible] largest private insurance company. [illegible] replaces Mr Rune Barneus, [illegible] shortly [illegible] the government changed the board.

A special Nordbanken shareholders meeting will be held [illegible] January 18 [illegible] ratify the appointment and that of Mr Bjorn Wahlström, [illegible] of [illegible] AB, [illegible] new chairman.

The government [illegible] new board, including [illegible] former finance minister [illegible] Kjell-Olof Feldt.

[illegible] upheaval [illegible] Nordbanken [illegible] from [illegible] deteriorating [illegible] position. There [illegible] heavy [illegible] made by [illegible] old privately-owned [illegible] ken [illegible] its [illegible] April [illegible] with [illegible] PKbanken. The merged bank, 71 per [illegible] owned, [illegible] by Mr Barneus, chief [illegible] the old Nordbanken.

In late November the merged bank announced [illegible] profits fore[illegible] had been [illegible] SKr2bn [illegible] from [illegible]. *Pro*[illegible] of around SKr3bn have [illegible] losses.

Mr [illegible] resigned two [illegible] critical report from Sweden's Bank Inspection [illegible] on Nordbanken's loan [illegible].

The Ministry [illegible] alarmed [illegible] what [illegible] saw [illegible] lack [illegible] control [illegible] by Nordbanken's [illegible] former president.

From [illegible] summer the [illegible] had [illegible] increasingly [illegible] loan losses, though it continued to [illegible] Mr Barneus. The bank was particularly hurt in the [illegible] by growing trouble [illegible] its finance [illegible] – notably Nyckeln, now bankrupt, and Mobilia.

Mr Dalborg, the new chief executive, said yesterday that Nordbanken [illegible] to [illegible] and jobs would be [illegible].

"We shall not have more resources than our [illegible] need," he said.

● **Skandinaviska Enskilda Banken**, Sweden's largest commer[illegible] bank, has acquired Den [illegible] Bank's [illegible] per [illegible] stake in the German-Scandinavian Bank, based in Frankfurt. SEB now owns [illegible] per [illegible].

Gummer alters terms of Shandwick shares sale

By Alice Rawsthorn

MR PETER Gummer, [redacted] of Shandwick, the world's larg[redacted] public [redacted] has *changed the* [redacted] troversial proposal to [redacted] part [redacted] his holding in the comany.

[redacted] *Shandwick's annual* meet[redacted] in early December, Mr Gummer announced he would be selling 2m of his shares to a newly-created employee [redacted] ownership plan [redacted] share.

Yesterday, *he* [redacted] *he* [redacted] abandoning this proposal [redacted] of "an oversight in [redacted] preparation [redacted] legal [redacted] tation". He [redacted] plans [redacted] sell 1.25m shares to the ESOP [redacted] lower price of [redacted] share.

Mr Gummer [redacted] sell 419,000 [redacted] at 51p [redacted] his [redacted] sonal pension fund. This [redacted] *will raise £851,190* [redacted] than [redacted] from [redacted] sale. The proceeds will be [redacted] his capital [redacted] on a [redacted] Shandwick [redacted] year.

Shandwick's shareholders responded [redacted] the original announcement with [redacted] one analyst [redacted] "an extremely negative reaction". Another analyst [redacted] the shareholders [redacted] "furious".

Shandwick's shares [redacted] steeply in [redacted] before [redacted] annual meeting [redacted] con[redacted] about [redacted] prospects and the provisions on acquisitions in [redacted] annual report [redacted] Four days after [redacted] *meeting*, *Shandwick* announced 20 redundancies [redacted] its London PR consultancies. *Its shares*, worth *nearly 150p* [redacted] and [redacted] the day [redacted] the [redacted] fell [redacted] 49p yesterday.

Several [redacted] investors complained about Mr Gummer's proposals arguing that [redacted] *should have* bought shares [redacted] open market. S.G. Warburg Securities, Shandwick's [redacted] advis[redacted] understood [redacted] complained [redacted]

However, Mr Anthony [redacted]dard, Shandwick's deputy chairman, said Mr Gummer's decision to change the terms of the proposed [redacted] was not related [redacted] tion. He [redacted] "oversight" in [redacted] *for the original proposal* [redacted] "a small formality which [redacted] rectified" but *Mr Gummer had* decided to [redacted] original plan "in the light [redacted] the fall in the [redacted] price".

The [redacted] will also buy 50,000 [redacted] from Mr Alan Mole, chief [redacted] Shand[redacted] Asia-Pacific. *It plans* [redacted] buy [redacted] on [redacted] a [redacted] months.

Mr Gummer's decision [redacted] change [redacted] share [redacted] in the City [redacted] attempt to repair [redacted] in *Shandwick. However*, [redacted] analyst [redacted] Mr Gummer had [redacted] up with [redacted] "worst of [redacted] *worlds*" in [redacted] he [redacted] "sunk [redacted] shares but [redacted] still [redacted] much [redacted] hoped [redacted] from [redacted] sale."

Continental Can settles pension violations

By Martin Dickson in [redacted] York

CONTINENTAL Can, the large US can manufacturing [redacted] pany, has agreed to [redacted] $415m to more than [redacted] former *employees* who alleged that Continental created [redacted] plan to lay off [redacted] in [redacted] which deprived them [redacted] their pensions.

The settlement is the largest in the history [redacted] the Employee Retirement Income Security Act, [redacted] 17-year-old measure [redacted] stop employers evading pen[redacted] *payments*.

Continental's alleged plan [redacted] before [redacted] company [redacted] acquired by [redacted] present [redacted] Peter Kiewit, [redacted] privately-owned, Nebraska-based construction [redacted]

The settlement [redacted] major victory [redacted] United Steelworkers of America, [redacted] union which began legal action against the company in the early 1980s.

[redacted] *also likely* [redacted] act as a deterrent [redacted] other companies tempted to [redacted] lay-offs [redacted] avoid pension liabili[redacted]

[redacted] said yesterday [redacted] although [redacted] settlement amount was substantial, *Continental's* [redacted] exceeded [redacted] figure. Despite [redacted] settlement, [redacted] acquisition had been [redacted] *good* [redacted] *for* [redacted] from [redacted] financial standpoint.

[redacted] Judge Lee Sarokin ruled in favour of [redacted] in 1989, saying [redacted] "a corporation [redacted] this magnitude [redacted] in [redacted] complex, [redacted] and [redacted] deny [redacted] workers bargained-for pension benefits, raises questions of corporate morality, *ethics and decency which* far transcend the factual and legal issues posed by this matter".

[redacted] July, the US appeals court upheld his ruling.

[redacted] produced in court [redacted] had a [redacted] program which [redacted]tified workers [redacted] were nearly eligible [redacted] expensive early [redacted]

It was known as the Bell plan – an [redacted] acronym for "Let's limit employee [redacted]fits".

Den Danske Bank plays lone hand

Hilary Barnes on the aims of Denmark's biggest commercial bank

ACCORDING [redacted] Mr Knud Soerensen, chief general manager of Den Danske Bank, Denmark's biggest commercial bank: "We *must not forget* [redacted] we [redacted] from and [redacted] we [redacted] bank."

Danske [redacted] just [redacted] eschew the [redacted] which [redacted] being adopted by other big banks in Denmark and, indeed, in all the other Nordic countries, by which [redacted] forming strategic alliances with insurance companies and mort[redacted] credit associations, with merger [redacted] the agenda when legislation permits.

"The [redacted] important thing for [redacted] is to be [redacted] bank," [redacted] Mr Soerensen. "The public must *consider us* [redacted] bank, [redacted] when [redacted] come [redacted] for advice, they [redacted] be confident that the [redacted] they get is [redacted] bank's [redacted] that [redacted] not influenced by other considerations. Perhaps [redacted] sounds pompous, but [redacted] *it.*"

The bank considered making strategic alliances with Hafnia, [redacted] big insurance-based *financial services group, and* Kreditforening Danmark, one [redacted] three big bond-issuing mort[redacted] credit institutes, but *finally concluded that it would* be [redacted] off by retaining [redacted] independent status.

"This [redacted] not mean [redacted] will [redacted] bilateral [redacted] ments with other institutions. [redacted] can't live in the past and [redacted] *must be* [redacted] services which [redacted] have on offer. But we do not want to [redacted] enmeshed *in any* form of alliance," he said.

This applies not only to rela[redacted] with other Danish financial *institutions*, [redacted] equally [redacted] relations with foreign banks, where Danske has avoided, and intends [redacted] go on *avoiding*, alliances of the kind which involve equity swaps.

Danske's decision means *that* [redacted] will [redacted] developing its [redacted] securitised mortgage credit financed by fixed-inter[redacted] by [redacted] bank on the Copenhagen stock exchange.

The advantage is [redacted] *bank will be offering* mortgage loans [redacted] it knows and [redacted] it [redacted] able [redacted] evaluate, which means that [redacted] expects [redacted] minimise [redacted] incidence [redacted] non-performing loans.

It also plans to set up a life *assurance company*, which will handle combined life and pension savings schemes, while a *deal is being negotiated* with Hafnia for the sale [redacted] so-called simple [redacted] policies – family, house, car – through the bank's branch network. [redacted] the arguments in favour of forming mega-financial service [redacted] *incorp*orating insurance and mort[redacted] credit associations under one umbrella, is that a big balance sheet means cheaper funding, but Mr [redacted] not think [redacted] *worry on this* account.

I[redacted] as [redacted] Danish bank, with 30 to 35 per cent of the market and [redacted] balance sheet total or over *DKr300bn* (*$52bn*), *ensures* its ability to [redacted] funding on [redacted] which are as [redacted] else's. "It [redacted] a bank that we are biggest, and that is how we shall market ourselves, also internationally," said Mr Soerensen.

The independence which [redacted] decide exactly [redacted] business it will do, and with whom, is also part of the thinking behind the bank's avoidance of international alliances.

"We think that being independent, foreign banks naturally seek us out, as by doing business with us they are not helping some chain or alliance with whom they are in competition," said Mr Soerensen.

This, again, does not rule out bilateral agreements. The bank is at present negotiating a cross-border deal for transactions business with other banks, for example. Danske has *sufficient* size to be visible in the European market "so that we can be ourselves", said Mr Soerensen.

A factor in the bank's decision, said Mr Soerensen, is the importance which the bank *attaches to getting* the merger with Copenhagen Handelsbank and Provinsbanken, which took place with effect from January 1 1990, to work.

"The merger is going well, but we must get it in place, *and the staff appreciate* what we are doing. They want so see as much business as possible within the bank."

Wärtsilä to sell stake in Valmet paper division

WARTSILA, [redacted] Finnish [redacted] and sanitary equipments group, [redacted] to [redacted] *for FM322m* ($89m) [redacted] per [redacted] in Valmet Paper Machinery, [redacted] global paper machinery leader, [redacted] *Corporation*, [redacted] Enrique Tessieri in Helsinki.

State-owned Valmet, which owns 65 per *cent of its* paper division [redacted] full equity ownership would [redacted] obtain greater flexibility and *simplify taxation and decision*-making matters.

Wärtsilä, which is [redacted] with Lohja, [redacted] building materials and electronics group, [redacted] it was no longer interested in building [redacted] *since* [redacted] wanted *to* [redacted] on more profitable [redacted]

Valmet [redacted] hit by [redacted] global downturn in the [redacted] *industry and expects its* paper machinery [redacted] sales to taper off in 1990 [redacted] FM5.7bn [redacted] FM5.84bn [redacted] 1989. The [redacted] machinery [redacted] generates [redacted] 50 [redacted] cent of the group's net [redacted]

Co-operation [redacted] Wärtsilä and [redacted] in 1987.

IMI bid for Birmingham Mint expected to succeed

By Andrew Hill in London

IMI, the international [redacted] expected [redacted] victory [redacted] its [redacted] hostile [redacted] for Birmingham Mint [redacted] today, *heralding* [redacted] amalgamation of [redacted] of Britain's [redacted] remaining coin-minting operations.

IMI, which [redacted] its bid [redacted] October, bought further Birmingham Mint shares in [redacted] yesterday [redacted] speak for 56.87 per [redacted] of the engineering and electronics company's equity.

[redacted] *predator should be* [redacted] declare its cash offer unconditional once yesterday's [redacted] chases are complete.

Mr Nick Paul, an IMI director, said yesterday [redacted] once the acquisition [redacted] complete [redacted] predator was likely [redacted] move its small minting operation, [redacted] in Birmingham, [redacted] the Birmingham Mint site. IMI, Birmingham Mint [redacted] Royal Mint [redacted] part of [redacted] coins for countries [redacted] the [redacted]

IMI will [redacted] review [redacted] future [redacted] new subsidiary's [redacted] engineering and [redacted] operations. Their weakening performance was [redacted] principal [redacted] *of* [redacted] slump in Birmingham Mint's profits during 1989-90, when [redacted] pre-[redacted] figure [redacted] from [redacted],000.

Since Christmas, Birmingham Mint [redacted] put up an increasingly desperate struggle [redacted] avoid takeover. [redacted] Friday, [redacted] forecast profits of £1.7m [redacted] for [redacted] current year and [redacted] it had been in *dis*cussions with [redacted] potential "white knight" counter-bidder. It said those talks had [redacted] called off [redacted] IMI raised [redacted] cash offer from 85p to 95p per [redacted]

IMI [redacted] owns 36.6 per cent of [redacted] shares and [redacted] buy a further [redacted] per [redacted] It has [redacted] acceptances representing 8.41 per [redacted] equity. The [redacted] *closes this afternoon.*

Sweeping reforms for Belgian bourse

By Lucy Kellaway in [redacted]

[redacted] reforms designed [redacted] bring the Belgian stock exchange [redacted] effect [redacted] week, breaking [redacted] long-established monopoly which stockbrokers have had [redacted] stock exchange business. Following [redacted] reforms, stockbroking firms have to [redacted] formed into [redacted] companies which [redacted] owned either by [redacted] *insurance companies.*

The Banking Commission, until now [redacted] fairly weak body, has been given [redacted] powers *and renamed the Banking* and Finance Commission, in line with [redacted] broader responsibilities.

It [redacted] *given a* [redacted] make sure that the members of [redacted] stock exchange – [redacted] currently number 128 - are in accordance with the *new strict* rules on capital adequacy [redacted] market structure. Under [redacted] reforms, *the cost of dealing* on [redacted] bourse has also [redacted] down, with turnover tax reduced [redacted] 0.7 per cent [redacted] *1.7* [redacted] for shares with a ceiling [redacted] BFr10,000 [redacted] per transaction.

Commissions are also lower, both for private [redacted] institu[redacted] investors, although Mr Jean Peterbroeck, president [redacted] the *stock* exchange *commission*, said that the aim was to avoid the sort of suicidal competition between brokers that has resulted from reform on other European exchanges.

The new rules [redacted] being *introduced just* as the Belgian stock exchange has completed [redacted] second [redacted] year of the last three decades. According *to Mr Peterbroeck, the most* urgent challenge facing the exchange is the fall in its revenues brought [redacted] by the *slump in trading volume. In* [redacted] second half [redacted] year, turnover was between BFr600m and BFr800m a day, compared with BFr1.7bn on average in 1989.

In the medium term, he said the challenge was to prepare the exchange for the tougher European competition that would come after 1992.

A new company has been set up to replace the old stockbrokers association, now disbanded.

Its shareholders and representatives will be the new stock exchange companies.

The new Banking and *Finance Commission* will also have the task of ensuring that brokers stick to more onerous trading limits per customer.

Total-CFP buys operations of Petrofina offshoot

TOTAL-CFP has agreed to take over the liquefied petroleum gas (*LPG*) distribution activities of the French unit [redacted] Petro[redacted] of Belgium for between [redacted] ($59m) [redacted] FFr400m, *AP-DJ reports from* [redacted]

[redacted] said Fina [redacted] LPG business, which [redacted] name [redacted] Finagaz, [redacted] be integrated into [redacted] operations.

The [redacted] *said* that the link [redacted] will [redacted] position in [redacted] that is becoming increasingly [redacted]petitive.

With the latest acquisition, [redacted] *the* [redacted] distributor of [redacted] butane and propane in France *after Butagaz, a unit of* the Royal Dutch/Shell group and Elf Antargaz, which is [redacted] unit of the Elf Aquitaine oil *group.*

INTERNATIONAL COMPANIES [illegible] FINANCE

Ruined investors see ray of hope from fraud office

New Zealand's small shareholders who lost in the 1987 crash still seek satisfaction, writes Terry Hall

NEW Zealand [illegible] who backed entrepreneurial business executives and who were ruined in [illegible] October 1987 stock market crash, scent retribution, thanks [illegible] the setting up of the country's Serious Fraud [illegible].

Back in the [illegible] money [illegible] of the 1984-87 Labour government, small investors cheered *at the brilliance [illegible] youthful* entrepreneurs who [illegible] stock market fortunes overnight. They [illegible] at their executive jets, luxurious homes in several countries [illegible] other signs of flamboyant spending; and borrowed to the hilt to back their companies, hoping their heroes' entrepreneurial magic would rub off.

[illegible] pre-October 1987 period [illegible] seen as nothing more than the latest south sea bubble. A third [illegible] the companies listed before 1987 have collapsed, been placed in receivership [illegible] statutory management, or are being wound up. Small shareholders [illegible] explanations [illegible] their [illegible] fortunes.

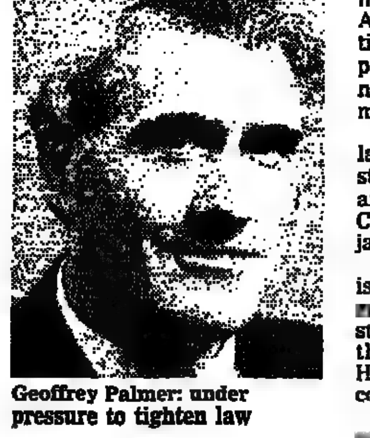
This [illegible] protracted recriminations at [illegible] meetings [illegible] of [illegible] financially troubled Bank [illegible] New Zealand, which lent [illegible] (US$1.8bn) [illegible] business executives in New [illegible] and Australia. Shareholder meetings at Elders NZ Forest Products were particularly nasty from 1988 onwards.

For [illegible] Elders [illegible] Forest Products was New Zealand's biggest company, but due to an extraordinary [illegible] of intercompany borrowings involving the Rada Investment Company, it was [illegible] see its value decimated and [illegible] debt mount [illegible] more than NZ$1bn. NZFP is now a subsidiary of Carter Holt Harvey, once a much smaller rival forestry company.

Mr Geoffrey Palmer, the former justice minister and later prime minister, has long been under [illegible] to tighten the law to [illegible] prosecutions. However, he did not [illegible] until early last year, when he funded the setting up [illegible] Serious Fraud Office.

In the one [illegible] prosecuted at huge [illegible] in July by the justice department, all the [illegible] were acquitted. [illegible] included [illegible] of [illegible] Zealand's most prominent directors, all linked with [illegible] Rada Investment Company and NZFP. The judge criticised technical [illegible] of the prosecution's case.

This [illegible] public bitterness that no one would be called [illegible] or explain [illegible] happened to [illegible] lost money. [illegible] involved in accounting for the millions lost in various [illegible] usually said that prosecutions would be useless [illegible] the amount [illegible] money recovered would be [illegible] and [illegible] legal bills [illegible].



Geoffrey Palmer: under pressure to tighten law

The notable exception [illegible] the case brought by [illegible] police against Mr Robert Philpott, who took over Cory Wright and Salmon, one [illegible] New Zealand's most respected companies [illegible] *supplied British,* American and French executive jets to the entrepreneurial playboys flourishing in the newly-deregulated financial markets.

The [illegible] in Wellington last month heard a complex story of lies, false accounting and how he had fooled the CWS directors. Mr Philpott was jailed for [illegible].

Bitterness and recrimination is focused on former high flyers who continue [illegible] live in style following [illegible] collapse of their companies. Mr Allan Hawkins, formerly [illegible] Equiticorp, [illegible] an example.

[illegible] built up a company with [illegible] NZ$7bn in New Zealand, Hong Kong, Australia and the UK – where [illegible] included Guinness Peat – which collapsed early last year. Mr Hawkins still [illegible] in his luxurious Auckland seaside mansion [illegible] a high profile series [illegible] court actions in trying [illegible] parts [illegible] former empire [illegible] from the statutory managers, who in turn [illegible] counter-claimed with a [illegible] claim for damages [illegible] eight former Equiticorp [illegible].

Mr Hawkins [illegible] make any apology for the collapse. *He [illegible] that today's hostile* former shareholders "can't remember when . . . they came [illegible] us panting, yelling, waving their cheques in the air lusting [illegible] a piece of the best company prospect around. Now the orgasm is [illegible] they soberly pontificate on the irresponsibility of financiers, forgetting they were caught up in it, too."

Last month Mr Hawkins and some of his colleagues were brought [illegible] an Auckland court to face charges brought by the Serious Fraud Office which cover a total of [illegible] a figure said by the head of the office, [illegible] Charles Sturt, [illegible] be a world record.

M[illegible] [illegible] the charges relate [illegible] Equiticorp's [illegible] purchase from [illegible] government of [illegible] 89 per [illegible] stake in [illegible] Zealand [illegible] and subsequent [illegible] through 1988. Mr Hawkins signed the initial deal on October 20 [illegible] the day the share market crashed. From that day, Equiticorp's share value spiralled down until it [illegible] placed in statutory management [illegible] January [illegible].

Mr Sturt [illegible] other charges could follow, but Mr Hawkins *promises* a [illegible] *court* [illegible] defend himself and his associates, saying the charges are misconceived.

The investors wanting explanations for the poor lending decisions by other companies prior [illegible] the crash [illegible] also been promised answers following a Serious Fraud Office investigation into the collapse [illegible] the former government-owned bank, the Development Finance Corporation.

Sir Ron Brierley [illegible] a notable example [illegible] a [illegible] entrepreneur [illegible] has survived the 1980s in good financial shape. He avoided the [illegible] of his rivals by diversifying [illegible].

Meanwhile, other companies are likely to [illegible] investigated. Ms Ruth Richardson, the latest finance minister, [illegible] begun [illegible] inquiries into the Bank [illegible] Zealand's lending policies until this year, although the results of [illegible] may not be made public.

These inquiries [illegible] unlikely to put cash into the pockets of [illegible] have been calling [illegible] retribution [illegible] their lost fortunes. But it [illegible] make [illegible] justice has [illegible] been [illegible] to [illegible] done.

Law gets a grip on South Africa's lax institutions

Philip Gawith on the tougher environment promised by [illegible] financial Act which comes into force next month

THE Deposit Taking Institutions Act, which [illegible] law in [illegible] Africa next month, will make life tougher for the financial services [illegible] following [illegible] period of lax regulation and injudicious [illegible] growth during [illegible].

The Act, which [illegible] playing [illegible] between banks and building [illegible] brings capital adequacy requirements into line with the Basle Concordat, has been welcomed by bankers who reckon it will encourage a more stable banking industry. It also promises to speed up the rationalisation already under way.

Dr Hennie van Greuning, registrar of banks, says the main policy underlying the Act is the desire to enhance risk management. Thus fuller disclosure is required of banks, there is a strong role for auditors committees and – similar to section 39 of the Bank of England Act – the registrar [illegible] the auditors [illegible] an opinion [illegible] any aspect [illegible] management.

A [illegible] philosophical [illegible] underpins [illegible] Act, with [illegible] legislation focusing on [illegible] rather than being institutionally based [illegible] in the past.

The convergence [illegible] and building [illegible] is recognised through consolidating regulatory legislation into a [illegible] and providing a [illegible] equitable competition through removing [illegible] in such [illegible] capital requirements and lending constraints.

[illegible] in the home [illegible] sector, [illegible] banks have nearly 50 per [illegible] of the approximately R55bn ($21.5bn) market. The [illegible] by Nedcor, [illegible] country's third largest banking group, to acquire [illegible] portfolio [illegible] the stimulus for its merger with the Perm building society.

Further rationalisation [illegible] on the cards – [illegible] Allied building societies [illegible] Volkskas and Sage Financial [illegible] bank are discussing links [illegible] form [illegible] integrated financial services group.

The favourable [illegible] weighting [illegible] regulations under the [illegible] – [illegible]

A big philosophical shift underpins [illegible] Act, with the new legislation focusing on function, rather than being institutionally based as in the past

per [illegible] against [illegible] on other loans – is thought likely [illegible] stimulate competition in [illegible] mortgage market [illegible] to expand their home [illegible] portfolios to reap [illegible] benefits [illegible] reduced capital requirements.

The Act's other main feature, [illegible] capital adequacy requirements, will [illegible] encourage rationalisation. Mr [illegible] Liebenberg, Nedcor [illegible] executive, [illegible] will usher in an [illegible] stricter [illegible] management control, greater [illegible] margins and more stress [illegible] bottom-line profits.

With small interest [illegible] margins having ruled [illegible] asset growth [illegible] method [illegible] boosting profits, off-balance sheet income [illegible] become a [illegible] important source of profit. Something of the flavour of things [illegible] come [illegible] shown by First National Bank, whose [illegible] declined by [illegible] per cent in [illegible] 1990 financial year.

Mr [illegible] Badenhorst, chief executive [illegible] United, [illegible] importance of technology to [illegible] competitive. "Economies of [illegible] increased productivity will be required [illegible] protect profit and this will require large investments [illegible] technology."

[illegible] adds that [illegible] the industry becomes more technology driven, "mergers [illegible] takeovers among financial institutions will become inescapable [illegible] make the large investments in computer systems viable". [illegible] reckons [illegible] banks [illegible] to invest in technology will not survive [illegible] end of [illegible] century.

Capital requirements [illegible] being phased in from 1992 [illegible] 1995, [illegible] 4.5 [illegible] capital/[illegible] ratio required by the beginning [illegible] 1992, rising to [illegible] per cent by [illegible] beginning of [illegible]. This will prevent follies such as Bankorp's 40 [illegible] rate of [illegible] growth in each [illegible] the 1988 and [illegible] financial years, which forced [illegible] to go [illegible] shareholders in both 1989 and 1990, raising R915m, [illegible] bolster [illegible] capital adequacy levels.

[illegible] that the Act brings the country into line with [illegible] practice, making it [illegible] in certain areas. They maintain [illegible] as South Africa returns [illegible] international fold, dealings [illegible] foreign [illegible] will increase and the larger, better capitalised local banks will [illegible] preferred.

Complementing [illegible] stricter capital adequacy requirements [illegible] stringent disclosure requirements. [illegible] disclosure [illegible] poor management [illegible] go unnoticed until [illegible] damage [illegible] been done. [illegible] banks will [illegible] required [illegible] provide [illegible] registrar with [illegible] monthly breakdown of [illegible] exposure [illegible] various risks.

Other features of the Act include limits [illegible] shareholdings – [illegible] maximum [illegible] shareholding will be raised [illegible] 10 per cent [illegible] per cent for [illegible] financial institution) [illegible] per cent – and [illegible] detailed account of [illegible] degree [illegible] [illegible] expected [illegible] directors.

Degussa increases stake in Australian mining group to 14%

By Kevin Brown in Sydney

DEGUSSA, the Frankfurt-based metals and chemicals [illegible], yesterday said it had bought 7.42m shares in Pancontinental Mining from Dresdner Bank for A$16.1m (US$12m), increasing its holding in the Australian mining group [illegible] 14 per [illegible] from [illegible] per [illegible].

The acquisition puts Degussa on level terms with Pancontinental's other main shareholders, Cie Générale [illegible] Nucleaires (Cogema) of France [illegible] 14.9 per cent, and North [illegible] Hill Peko of Australia with [illegible] cent. Mr Tony Grey, chairman, [illegible] a long-term investor in Pancontinental, [illegible] that its decision [illegible] take [illegible] larger [illegible] likely to stabilise the [illegible] register.

Under Australian foreign investment regulations, Degussa and Cogema cannot increase their shareholdings to more than 15 [illegible] cent without federal government approval. Pancontinental's main [illegible] is the [illegible] uranium deposit, adjacent [illegible] the Kakadu national park in [illegible] Northern Territory, which contains more than 450m lbs of proven deposits.

The company [illegible] barred from exploiting Jabiluka under federal government regulations which allow mining only in [illegible] mines, excluding Jabiluka, but *including the* Ranger mine owned by North [illegible] Hill Peko.

The three mine policy [illegible] reviewed at [illegible] conference of the governing Labor Party this year.

Pancontinental has been lobbying [illegible] regulations to be relaxed, [illegible] strong [illegible] sition [illegible] uranium mining from within the Labor Party.

BHP takes full control of steel processing concern

By Kevin Brown

BHP, Australia's biggest company, said yesterday [illegible] its stake [illegible] Titan, [illegible] Papua New [illegible] storage and processing company, [illegible] per [illegible] following [illegible] acquisition [illegible] cent [illegible] from Smorgon ARC, [illegible] subsidiary [illegible] Smorgon [illegible].

The acquisition gives BHP full control of [illegible] Titan through [illegible] BHP [illegible] subsidiary, although [illegible] Papua New Guinea [illegible] Corporation [illegible] a minority 20 [illegible] holding. Mr John Prescott, chief executive of BHP Steel, said the "relatively modest" acquisition [illegible] "entirely [illegible] group's strategy of growing [illegible] value-adding downstream businesses".

ARC Titan [illegible] headquarters in Lae, and [illegible] storage and processing facilities in Lae and Port Moresby. The [illegible] provides Papua New Guinea's expanding [illegible] struction, mining and manufacturing industries.

HK group buys Australian hotels

[illegible] *Holdings of* Hong Kong [illegible] agreed [illegible] buy control [illegible] Victoria Holdings, [illegible] Australian hotel [illegible], AP-DJ reports.

[illegible] Holdings [illegible] Morning Star [illegible] agreed [illegible] take a 70 per cent stake in Victoria's hotels, while Innoprise International and Wongs Holdings will buy [illegible] cent.

Hotels owned by Victoria Holdings include the Victoria and [illegible] in Melbourne, the Grosvenor in Adelaide [illegible] Four [illegible] in Alice Springs. *The price* [illegible] A$37.4m [illegible].

Morning [illegible] that [illegible] plans [illegible] expand [illegible] hotel operations throughout [illegible] and overseas.

The acquisition has [illegible] be approved by the Australian government's Foreign Investment Review Board and by *shareholders of Victoria* [illegible].

Victoria Holdings said it would return [illegible] proceeds from the [illegible].

Peico [illegible] 40% [illegible]

PEICO Electronics and Electricals, Indian associate of Philips, the Dutch electronics group, is planning to sell its [illegible] per cent stake in Webel [illegible] communication Industries, **writes Kunal Bose in Calcutta.**

The move [illegible] part [illegible] Peico's reorganisation [illegible] concentrate on consumer electronics.

[illegible] holding will go [illegible] Philips [illegible] Communication System [illegible] the UK or to [illegible] Tatas, India's premier [illegible] house, [illegible] has a business alliance with Peico.

Even retailers enjoy the Christmas cheer

By Karen Zagor in [illegible] York

US RETAILERS survived the Christmas season without any [illegible] casualties, in spite of falling consumer spending. Overall, sales were no worse than analysts had expected.

Indeed, the recession has helped [illegible] specialty retailers increase their market share. The Gap stores performed well, turning in [illegible] 12 per cent increase in same-store sales – that is for [illegible] been open [illegible] least one year – in the four weeks ended December 29. The Gap's [illegible] for [illegible] period increased 24 per cent [illegible] $305m.

The Limited, which had warned analysts [illegible] expect [illegible] sales for [illegible] Christmas period, posted a surprise [illegible] per [illegible] improvement in four-week sales to $690.6m, although [illegible] only 4 [illegible] cent. The news spurred heavy trading in the company's stock, which jumped $¾ [illegible] $19½ yesterday morning.

Discount [illegible] had [illegible] satisfactory Christmas, with Wal-Mart seeing [illegible] 6 per cent improvement in same-store sales in December. For the month, the company's net sales grew [illegible] per cent [illegible] $4.64bn.

[illegible] deteriorating consumer spending [illegible] pall over the department store sector, however. "Consumer confidence [illegible] low as I have [illegible] it in more than 20 years," said Mr Kenneth Macke, chairman and chief executive of Dayton Hudson. "We [illegible] not optimistic about [illegible] half of 1991."

Dayton Hudson, which last year acquired [illegible] Field's from [illegible] UK's BAT group, turned in comparable store sales 2.4 per cent higher in [illegible] four weeks which included [illegible] extra Christmas shopping day in [illegible]. The company's total store [illegible] jumped [illegible] per cent to $2.26bn, including the Marshall Field's [illegible].

Meanwhile, Sears, which tried [illegible] attract customers by starting its after-Christmas sale before [illegible] holiday, [illegible] its comparable store sales had slipped [illegible] per [illegible] in the four weeks although [illegible] improved 1.4 per cent [illegible] $3.89bn.

Woolworth said its US [illegible] parable store sales increased 0.7 per cent in the four weeks. Woolworth's total sales, including its strong foreign operations, [illegible] 9.5 per cent [illegible] $1.38bn.

Brazilian cigarette maker to begin sales to USSR

By Christina Lamb in Rio [illegible] Janeiro

SOUZA CRUZ, the Brazilian subsidiary [illegible] American Tobacco, is [illegible] begin exporting cigarettes [illegible] the Soviet Union in an attempt to compensate [illegible] domestic losses [illegible] cigarette sales.

[illegible] *exports will* [illegible] month with initial orders of 50m cigarettes, but Mr Antonio Rodrigues de America, the company's financial director, said: "In future, this could [illegible] a very significant [illegible] for us, [illegible] potential market [illegible] the [illegible] of 100bn cigarettes".

The [illegible] part of an attempt by [illegible] cigarette company [illegible] advantage of the opening [illegible] markets in [illegible] Europe. Mr Luiz Saboia, the company's president, said [illegible] contacts had been made in all eastern European countries: [illegible] cigarettes have been exported to Poland in the last four months, with further orders [illegible] more [illegible] 220m in coming months.

Mr Saboia said: "The potential for business [illegible] huge because the majority of [illegible] countries have problems of supply of cigarettes. The only limit is the [illegible] of availability [illegible] hard currency." [illegible] of this, [illegible] sales [illegible] Soviet Union will be through trading *companies able* [illegible] *make barter* deals.

The Souza Cruz Cigarette Company [illegible] in the bizarre position of having increased its market share within Brazil [illegible] about [illegible] per cent despite [illegible] challenge by Philip [illegible] the US, yet suffering considerable losses. [illegible] first nine months of [illegible] saw [illegible] 57 per cent drop in profits compared with the same period the previous year.

The company blames this on the government's reluctance [illegible] allow price increases [illegible] cigarettes because of the [illegible] on inflation. Under [illegible] controls, the average price is less than that of a newspaper, [illegible] about 45 cents [illegible] packet.

Mr [illegible] says this is "at [illegible] 80 per cent too low".

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on January [illegible]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	[illegible]	101¼		8.33
ALBERTA PROVINCE 9 3/8 95	600	103¾	104	+⅛	8.41
AUSTRIA 8 1/2 00	400	[illegible]	98¾	+⅛	8.74
BANK OF TOKYO 8 3/8 96	100	[illegible]	98¾	+⅛	[illegible]
BELGIUM 9 1/8 92	400	101½	[illegible]	-⅛	[illegible]
BFCE 7 3/4 97	150	96¼	96¾	+⅛	8.52
BNP 8 5/8 94	300	[illegible]	101½	+⅛	8.18
BP CAPITAL 9 5/8 93	150	102¾	103¼	+⅛	8.30
CANADA 9 96	1000	[illegible]	103¼	+⅛	8.16
CARCO 9 1/4 95	650	[illegible]	99	-⅛	9.38
CCCE 9 1/4 95	300	103¼	103¾	+⅛	8.28
COUNCIL EUROPE 8 96	100	[illegible]	[illegible]	+⅛	8.42
CREDIT FONCIER 9 1/2 99	300	[illegible]	[illegible]	+⅛	8.76
DENMARK 0 98	250	52¾	[illegible]	+⅛	8.79
DENMARK 8 1/4 94	150	100	100½	+⅛	8.22
ECSC 8 1/4 96	193	[illegible]	99½	+⅛	8.41
EEC 7 1/4 93	250	[illegible]	[illegible]		7.88
EIB 7 3/4 96	250	[illegible]	97¾	+⅛	8.32
EIB 10 97	250	106¾	107¼	+⅛	8.55
ELEC DE FRANCE 9 98	200	[illegible]	102½	+⅛	8.56
EUROFIMA 9 1/4 96	100	102½	102¾	+⅛	8.62
EXPORT DEV CORP 9 1/2 98	150	[illegible]	104½	+⅛	8.71
FINLAND 7 7/8 97	200	[illegible]	[illegible]	+⅛	8.83
FINNISH EXPORT 9 3/8 93	200	[illegible]	104	+⅛	8.41
FORD MOTOR CREDIT 9 1/2 93	300	[illegible]	101½		8.95
GEN ELEC CAPITAL 9 3/8 96	300	103	103½	-⅛	8.64
GMAC 9 1/8 96	200	[illegible]	[illegible]	+⅛	9.33
HALIFAX 9 1/2 93	200	[illegible]	102⅞	+⅛	8.35
IBM WORLD [illegible] 93	150	96⅜	[illegible]	-1⅛	8.89
IND BK [illegible] FIN 7 7/8 [illegible]	200	[illegible]	99⅛	+⅛	8.91
INTER AMER DEV 7 5/8 96	200	[illegible]	[illegible]	+⅛	8.56
ITALY 8 1/2 94	1500	101¼	101½	+⅛	8.13
JAPAN DEV BK 8 94	150	99⅞	100	+⅛	8.11
KANSAI ELEC PWR 10 96	350	[illegible]	105¼	+⅛	8.84
LTCB 8 5/8 93	150	100¼	[illegible]		8.47
NEW ZEALAND 8 93	100	[illegible]	99½		8.31
NIPPON CRED BK 9 3/4 93	200	[illegible]	[illegible]	+⅛	8.52
NIPPON TEL & TEL 9 3/8 95	200	102¾	103¼	-⅛	8.55
NORDIC INV BANK 9 93	200	[illegible]	102½	+⅛	7.93
ONTARIO HYDRO 11 5/8 94	200	[illegible]	110¼	+⅛	8.43
OSTER KONTROLLBANK 8 1/8 93	200	[illegible]	100⅞		7.84
PETRO-CANADA 7 1/4 96	200	94⅜	[illegible]	+⅛	8.49
PRUDENTIAL RLTY SECS 0 99	365.216	48¾	[illegible]		9.32
QUEBEC HYDRO 9 3/4 98	150	[illegible]	[illegible]	+⅛	9.13
QUEBEC PROV 9 98	200	[illegible]	[illegible]		8.96
SAINSBURY 9 1/8 96	150	101¾	102¼	+⅛	8.71
SAS 10 99	200	100¾	[illegible]	+⅛	9.87
SBAB 9 1/2 95	500	[illegible]	104	+⅛	8.45
STATE BK STH AUST 9 1/4 93	100	[illegible]	101¾		8.42
SUMITOMO BK CAP MKT 9 3/8 93	150	102¼	102¾	+⅛	8.45
SWEDEN 8 1/8 94	150	[illegible]	100¼	+⅛	8.35
SWEDISH EXPORT 9 5/8 93	100	103¼	103½	+⅛	7.96
TOKYO METROPOLIS 8 1/4 96	200	[illegible]	[illegible]		8.52
WORLD BANK 8 3/8 99	1500	99½	99⅞	+⅛	8.63
WORLD BANK 8 3/4 97	1500	[illegible]	102⅛	+⅛	8.47
XEROX CORPN 8 3/8 96	100	[illegible]	[illegible]	+1⅛	9.56

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96¼	96¾	+⅛	[illegible]
AUSTRIA 6 98	400	[illegible]	83¼	-⅛	[illegible]
CNT 6 1/8 98	200	[illegible]	84	+⅛	9.12
CREDIT FONCIER 6 3/4 99	500	85¾	[illegible]	-⅛	9.31
DEUTSCHE BK FIN 5 5/8 96	750	86⅛	86¾	+⅛	[illegible]
EEC 5 3/8 93	300	[illegible]	93¼	+⅛	[illegible]
EIB 6 1/8 96	300	87¼	87¾	-⅛	9.20
EIB 6 7/8 95	300	92¼	[illegible]	+⅛	[illegible]
EUROFIMA 6 1/4 98	400	85¼	[illegible]		[illegible]
FELDMUEHLE FINANCE 8 99	200	92¼	[illegible]	+⅛	9.33
FERRO DEL STAT 5 3/8 93	500	93¼	93¾	-⅛	9.23
IND BK JAPAN FIN 5 5/8 96	200	84	84½		9.56
INTER AMER DEV 7 1/4 99	300	[illegible]	89	-⅛	9.16
LUFTHANSA INT FIN 5 7/8 98	500	[illegible]	81¾	-⅛	9.44
QUEBEC HYDRO 6 3/4 99	300	86¼	86¾	+⅛	9.22
SWEDEN 6 1/8 98	300	85¼	85¾		8.88
WORLD BANK 0 15	2000	[illegible]	15¾		7.79
WORLD BANK 5 3/4 95	300	[illegible]	86¼	-⅛	9.29
WORLD BANK 7 1/8 95	500	93¾	[illegible]		9.16

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	[illegible]	[illegible]	-1	[illegible]
AUSTRIA 4 5/8 98	100	85¼	[illegible]	-1¼	7.31
CHUJITSUYA 7 3/4 95	50	100¼	101		7.60
COUNCIL EUROPE 4 3/4 98	250	85½	[illegible]	+1	7.44
EEC 5 1/2 00	100	86½	[illegible]	+⅛	[illegible]
EIB 5 3/4 93	100	96¾	97½		7.15
FINLAND 5 3/8 95	150	93½	94	-⅛	7.00
GENERAL MOTORS 7 1/2 95	100	101¼	102¼	+⅛	7.07
JAPAN DEV BK 5 1/2 94	100	97¼	[illegible]	+⅛	[illegible]
MOUNT ISA FINANCE 5 3/4 94	100	85	[illegible]	-1⅛	11.35
NEW ZEALAND 4 7/8 99	200	83	[illegible]	+⅛	[illegible]
QUE[illegible] 5 08	100	74	76		7.79
SKA[illegible]AENSK 6 1/2 95	100	95¼	[illegible]	+⅛	7.85
[illegible] BANK 5 03	150	80	80¼		7.50
WORLD BANK [illegible] 1/4 92	100	99½	100¼		7.56

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	[illegible]	94⅛	+⅛	7.06
CANADA 4 3/8 92	80000	[illegible]	96⅛	+⅛	[illegible]
CREDIT FONCIER 5 1/4 94	20000	93⅝	94⅛	+⅛	7.15
DENMARK 7 95	40000	100	[illegible]	+⅛	[illegible]
EIB 4 5/8 94	40000	92⅞	93⅛	+⅛	7.08
GENERAL ELECTRIC 5 3/4 93	35000	[illegible]	97¼	+⅛	[illegible]
INTER AMER DEV 7 1/4 00	30000	102¼	102¾	+⅛	[illegible]
ITALY 5 3/4 92	150000	[illegible]	[illegible]		7.41
KANSAI ELEC PWR 4 5/8 94	60000	[illegible]	93¼	+⅛	7.09
NIPPON TEL & TEL 5 7/8 96	50000	95¼	95¾	+⅛	[illegible]
NORWAY 5 1/8 95	50000	93¼	93¾	+⅛	[illegible]
SWEDEN 5 5/8 95	20000	94¼	94¾	+⅛	[illegible]
WORLD BANK 6 3/4 00	50000	99⅞	99⅞	+⅛	6.84

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	[illegible]	[illegible]	[illegible]	[illegible]	9.33
KREDIETCORP 7 93 LFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD BANK 8 96 LFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AMRO BANK 6 1/4 92 Fl	150	[illegible]	[illegible]	[illegible]	[illegible]
RABOBANK 5 3/4 93 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ALBERTA PROVINCE 10 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BCE INC 9 5/8 93 CS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELL CANADA 10 5/8 99 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BRITISH COLUMBIA 9 1/4 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 1/8 98 CS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FORD CREDIT CANADA 10 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GENERAL ELECT CAP 10 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MONTREAL TRUSTCO [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ONTARIO HYDRO 10 7/8 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
QUEBEC PROV 10 1/2 98 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ROYAL TRUSTCO 10 1/4 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN 9 3/4 93 CS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AUSTRIA 7 3/8 93 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 7 3/8 93 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CREDIT LYONNAIS 9 96 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK 7 5/8 96 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7 5/8 94 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 97 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY 10 3/4 00 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN 7 1/2 93 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BMW FINANCE 14 1/2 92 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
COUNCIL EUROPE 13 93 A[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EKSPORTFINANS 12 3/8 9[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FORD CRED AUST 13 93 A[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI 15 1/2 92 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MCDONALDS CANADA 15 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NAT AUSTRALIA BANK 14 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
STATE BK NSW 14 1/4 99 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VOLKSWAGEN INTL 15 94 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ABBEY NATL TREAS 13 3/[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BARCLAYS JERSEY 9 1/2 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BRITISH GAS 12 3/4 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE BK FIN 11 94 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 97 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FORD CREDIT FUNDING 9[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INTER AMER DEV 11 3/8 9[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY 10 1/2 14 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LAND SECS 9 1/2 07 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LEEDS PERMANENT 9 1/4 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY 10 1/2 94 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ROLLS-ROYCE 9 5/8 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SAINSBURY 10 7/8 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SKANDINAVISKA ENSK 13 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD BANK 11 1/4 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ABBEY NATIONAL 0 96 NZ[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TELECOM NZ O/S FIN 13 1/[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AIDC 7 7/8 93 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CREDIT LYONNAIS 10 95 F[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EURATOM 7 5/8 98 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]TING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible] NATIONAL 1/16 00 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] PROVINCE 1/32 9[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ALLIANCE & LEICS 0.08 94	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] ROMA 0.03 01	[illegible]	[illegible]	[illegible]	[illegible]
BANCO SANTO SPIRITO 93	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] 1/16 97 DM	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] 02 96	[illegible]	[illegible]	[illegible]	[illegible]
BRITANNIA 1/10 96 £	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 06 ECU	[illegible]	[illegible]	[illegible]	[illegible]
CITIZENS FED 0.15 96	[illegible]	[illegible]	[illegible]	[illegible]
COMMERZBK O/S FIN 93	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK -1/8 96	[illegible]	[illegible]	[illegible]	[illegible]
ELEC DE FRANCE 1/8 99	[illegible]	[illegible]	[illegible]	[illegible]
FERRO DEL STAT 94	[illegible]	[illegible]	[illegible]	[illegible]
HALIFAX 1/10 94 £	[illegible]	[illegible]	[illegible]	[illegible]
HILL SAMUEL 1/4 PERP	[illegible]	[illegible]	[illegible]	[illegible]
MITSUI FIN ASIA 1/8 96	[illegible]	[illegible]	[illegible]	[illegible]
MORGAN (JP) 1/4 97	[illegible]	[illegible]	[illegible]	[illegible]
NAT WEST FIN 3/16 05	[illegible]	[illegible]	[illegible]	[illegible]
NEW ZEALAND 93	[illegible]	[illegible]	[illegible]	[illegible]
QUEBEC PROV 01	[illegible]	[illegible]	[illegible]	[illegible]
RENFE 98	[illegible]	[illegible]	[illegible]	[illegible]
SOCIETE GENERALE 96	[illegible]	[illegible]	[illegible]	[illegible]
STATE BK VICTORIA 0.05 9[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNITED KINGDOM -1/8 96	4000	100.01	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ASDA-MFI 4 3/4 02 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BURTON GROUP 4 3/4 01 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EASTMAN KODAK 6 3/8 01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GOLD KALGOORLIE 7 1/2 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GOODYEAR TIRE 6 7/8 03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GRACE (WR) 6 1/4 02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GRAND MET 6 1/4 02 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HAWLEY 6 02 PREF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HILLSDOWN 4 1/2 02 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INTL PAPER 5 3/4 02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LAND SECS 6 3/4 02 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MITSUBISHI BK 1 3/4 02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OGDEN 6 02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PACIFIC DUNLOP 6 3/4 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TEXAS INSTRUMENTS 2 3/4 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
THORN EMI 5 3/4 04 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available [illegible] day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: [illegible] in [illegible] otherwise indicated. Coupon [illegible] by minimum. Spread = Margin [illegible] offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Risk weight change hits mortgage-backed market

By Tracy Corrigan

THE sterling mortgage-backed bond market suffered a setback yesterday when the [redacted] of England adopted a European Community directive which doubles the capital that banks [redacted] hold against their investments in mortgage-backed [redacted].

The move boosts the risk weighting of 50 per cent currently applied to mortgage-[redacted] securities in the UK to [redacted] per cent.

The rule [redacted] not come [redacted] until January [redacted] [redacted] which mature, or [redacted] likely [redacted] mature, [redacted] that [redacted] will perform [redacted] than longer-dated securities.

The [redacted] of England's [redacted] in bow to [redacted] from [redacted] EC by reversing [redacted] per cent ruling laid down in its 1988 paper took the market by surprise. However, the central bank said [redacted] "will [redacted] to [redacted] case [redacted] per cent [redacted] weight on mortgage-[redacted] securities in Brussels".

The initial impact [redacted]

INTERNATIONAL BONDS

cult to assess because the sector is not traded very actively, but traders said spreads were roughly [redacted] 15 [redacted] wider.

However, there were no sellers [redacted] many investors still hope the Bank of England will [redacted] investors are also unwilling to realise [redacted] when many [redacted] have [redacted] principal [redacted] par.

[redacted] sterling mortgage-[redacted] bond market, [redacted] has [redacted] inception in [redacted], [redacted] originally targeted [redacted] bank investors as one of few high-margin instruments requiring only 50 [redacted] weighting.

Although [redacted] has widened in recent years to include corporate [redacted] institutional investors, [redacted] still [redacted] per [redacted]. [redacted] bank capital under increasing pressure, [redacted] weight [redacted] catalyst for [redacted] growth.

CBOT sets record volume in contracts

By Barbara Durr in Chicago

THE [redacted] of Trade (CBOT), [redacted] largest [redacted] exchange, achieved [redacted] in 1990. The total [redacted] 11.5 per [redacted] up on the 1989 figure, [redacted] ahead of the previous record of 143m contracts [redacted].

[redacted] exchange's US Treasury bond futures, the most widely [redacted] contract, set [redacted] record last [redacted] 75.5m, up 7.4 per [redacted] over [redacted]. Options on the T-bond [redacted] dramatically by 31.4 per [redacted] to 27.3m. Grain [redacted] volume was 11.7 per [redacted] 1989.

The performance was in [redacted] contrast to [redacted] Mercantile Exchange, the world's second largest exchange, [redacted] volume slipped slightly below [redacted] record to 103m contracts, down [redacted]. Eurodollar futures, the world's top [redacted] rate contract, led the decline with a 15 per cent drop in volume.

Trading in Standard & Poor's 500 stock index futures and futures-options grew 17.5 per [redacted] last year, [redacted] posting a 14.9 per [redacted] gain [redacted] options a 41 per [redacted]. [redacted] one-month London [redacted] offered rate [redacted] and Nikkei 225 [redacted] average [redacted], appeared [redacted], finishing the year with trading in each approaching 1,000 [redacted] a day. [redacted] ume in [redacted] agricultural futures fell by 4 per cent.

The shift in trading volume between the exchange's [redacted] largest contracts – the CME's Eurodollar futures and the CBOT's Treasury bond futures – reflects the shift to longer-term instruments. Short-term interest rates were less volatile than long-term ones.

The CBOT also set [redacted] in 30-day [redacted] futures, corn options, soyabean meal options [redacted] soyabean oil options. The agricultural complex volume rose by 11 per cent over the year to 34,597,542 contracts from 31,280,793 in 1989.

Gemina starts well in race for Sim

Haig Simonian on the Fiat group's move into Italian financial services

THE race to set up Italy's new breed of stockbroker-cum-fund manager, known as a [redacted] Intermediazione Mobiliare (Sim), [redacted] under [redacted] in [redacted] nest. Gemina, the [redacted] services group [redacted] by Fiat, has [redacted] strong start.

Days [redacted] legislation opening the door for [redacted] was approved [redacted] December, [redacted] announced a joint venture with Crédit Lyonnais [redacted] Studio Massimo e Piero Mortari, a small broker [redacted] in [redacted].

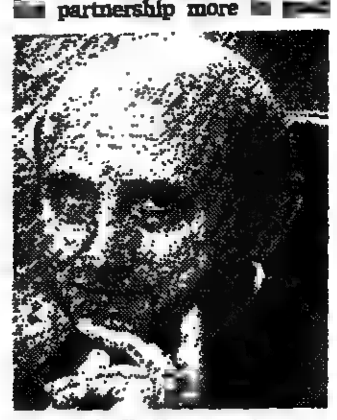
The company is one of three Sims [redacted] far announced: S.G. Warburg [redacted] expected to join forces [redacted] Giubergia, [redacted] Turin-based house; [redacted] torino, [redacted] broker, [redacted] co-operate with Sumitomo's [redacted] del Gottardo.

The formation of the Sim will represent Gemina's biggest step into finance, [redacted] help [redacted] some [redacted] strings [redacted] its broking and money market activities.

The group is active in the domestic market through Gem[redacted] Commissionaria, [redacted] trading [redacted] run by [redacted] Alberto Ronzoni. However, [redacted] the other commission houses owned by Italian banks and industrial groups, [redacted] was forbidden access to the bourse floor, which was reserved for accredited stockbrokers.

That changes under [redacted] law, which [redacted] brokers' monopoly [redacted] a two-year transition period. [redacted] Sim [redacted] from [redacted] Commissionaria, and the operation, [redacted] been ready to do [redacted] since August, will [redacted] trading the minute the new law comes into operation, according [redacted] Mr Felice Vitali, Gemina's managing director.

Gemina's Sim [redacted] to [redacted] named, [redacted] premises and equipment, [redacted] staff, are in place, [redacted] Mr [redacted] will not disclose how much [redacted] French [redacted] for their [redacted] per [redacted] stake, and [redacted] partnership more [redacted]



Felice Vitali: Sim, as yet [redacted], is [redacted]

personal contacts [redacted] priorities.

Crédit Lyonnais has become increasingly active in Italy following the 1988 purchase of a 40 per cent share in Credito Bergamasco. On the deal with Gemina, Mr Vitali [redacted] saw that we had very similar [redacted] on how [redacted] collaborate in various [redacted] tries." Fund management [redacted] prominently for both partners.

Gemina has developed one of [redacted] biggest portfolios [redacted] any Italian [redacted] holding company. [redacted] fall into [redacted] categories: "Permanent interests", which [redacted] into [redacted] actively and passively managed, and venture capital investments.

Foremost among the first group are Gemina's 78 per cent share in RCS Editori – one of Italy's main media concerns which also owns Corriere de[redacted] Sera, the country's second biggest daily newspaper – and its 21 per cent holding in Cartiere Burgo, Italy's largest paper maker.

But Fila, the upmarket sports clothing manufacturer of which Gemina took full control in 1988, best reflects its strategy of increasing its activity in businesses not covered by its main shareholders, explains Mr Vitali.

Gemina's second type [redacted] "permanent interests", in which it [redacted] a passive role, give some hint as to who those shareholders are. [redacted] includes stakes in some holding companies of northern Italy's most prominent industrial clans.

Among its interests are a 6 [redacted] cent [redacted] of [redacted] ultimate holding company for the Pirelli [redacted], and about 9 per cent of [redacted] in Europa Metalli, the main operating unit of the Orlando family.

[redacted] third group [redacted] investments, in smaller, family-owned companies, reflects its expansion from a strongbox into development finance, [redacted] Mr [redacted]. Concentrating on [redacted] and engineering industries, it has put up development capital for [redacted] growing [redacted] family [redacted] a first step to their flotation.

[redacted] group's development capital activities were enlarged in [redacted] when [redacted] up the [redacted] Capital [redacted] with Chase Manhattan of the US to invest in [redacted] companies. Financing for the L80bn ($70m) fund, most of which has been supplied by non-Italian investors, was completed last year.

More recent months have brought a marked expansion of financial services, with acquisitions in the capital markets and securities fields marking a bid to develop a small investment banking arm. Last July, Gemina bought a 30 per cent stake in Fineurop, the Italian financial services boutique 90 per cent owned by Warburg Soditic of Switzerland.

Since then, Gemina Capital Markets, the group's investment banking and treasury subsidiary, has taken [redacted] Fineurop's treasury and [redacted] activities, while handing over its syndicated loan and export credit operations to Fineurop. Fineurop, which [redacted] joint venture with Fiat providing export credit to members of the Fiat group, will [redacted] Gemina an opening into the trade finance business, says Mr Vitali.

Last month, Gemina purchased the Luxembourg capital markets subsidiary [redacted] Republic National Bank of [redacted] York. The 15-member unit will reinforce Gemina's international operations in Switzerland and the Cayman Islands. These remain small, with about 25 professionals [redacted] complementing the similar number employed in [redacted] finance and treasury and money mar[redacted] activities in Milan.

But [redacted] greater emphasis on finance will not come at [redacted] of Gemina's industrial interests, and Gemina is keen [redacted] big investments expand, [redacted] maintains.

Gilts surge as sterling improves

By Deborah Hargreaves in London and Karen Zagor [redacted] York

UK GOVERNMENT [redacted] surged yesterday, [redacted] by the strong performance of the pound against the D-Mark. On longer-dated issues, prices [redacted] by more than [redacted] point.

The market [redacted] perversely [redacted] Mr Norman Lamont's promise [redacted] no [redacted] in interest rates, since this supports sterling and hastens the arrival [redacted] an [redacted] possibly cutting [redacted]. The pound rose by one pfennig yesterday [redacted] the [redacted] DM2.90.

[redacted] UK monetary policy [redacted] gained credibility [redacted] and [redacted] more money could come [redacted]. And [redacted] as [redacted] remain high, the outlook for [redacted] in [redacted] inflation [redacted] is improved.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	[redacted] ago	[redacted] ago
UK [redacted]		13.500	09/92	[redacted]	+[redacted]	11.43	11.57	11.19
		[redacted]	[redacted]	[redacted]	+34/32	10.59	[redacted]	[redacted]
		[redacted]	[redacted]	[redacted]	+47/32	10.13	[redacted]	[redacted]
US [redacted] *		[redacted]	[redacted]	[redacted]	+20/32	7.92	8.09	8.20
		[redacted]	[redacted]	[redacted]	+17/32	8.10	8.25	8.35
[redacted]	No 119	[redacted]	[redacted]	[redacted]	+0.237	[redacted]	7.02	7.32
	No 129	[redacted]	[redacted]	[redacted]	+0.452	[redacted]	6.67	7.01
GERMANY		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	10.17	[redacted]	[redacted]
	OAT	[redacted]	05/00	[redacted]	[redacted]	9.86	[redacted]	10.01
CANADA *		[redacted]	[redacted]	[redacted]	[redacted]	10.10	[redacted]	[redacted]
[redacted]		[redacted]	[redacted]	[redacted]	+0.340	[redacted]	9.17	9.11
AUSTRALIA		[redacted]	[redacted]	[redacted]	[redacted]	12.00	12.07	12.10
BELGIUM		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted] closing, [redacted] morning [redacted]
Yields: Local market standard. Prices: US, UK in 32nds, others [redacted] decimal

Technical Data/ATLAS Price Sources

■ US Treasury bonds moved broadly higher yesterday morning but started [redacted] fall back [redacted] midsession [redacted] profit-taking hit the [redacted] strong gains.

GOVERNMENT BONDS

At midday, the Treasury's benchmark 30-year bo[redacted] was up ¼ at 107, yielding [redacted] cent, after gaining about $\frac{1}{16}$ earlier [redacted] the day. Shorter-dated maturities rose about $\frac{1}{8}$.

The Federal Reserve entered [redacted] open [redacted] arrange system repurchase agreements when Fed funds were trading at 7⅝ per cent. The move was [redacted] protest [redacted] high funds' rate.

[redacted] Fed's [redacted] for funds, the rate [redacted] which banks lend to each other, is believed to be 7 [redacted].

[redacted] are hoping [redacted] today's release of employment data for December will show a sharp decline in [redacted] payroll employment and force the Fed to ease monetary conditions.

■ THE GERMAN market remained quiet [redacted] the holiday period. In France, the treasury sold [redacted] of its new 10-year bond at its first auction of the year.

The average yield [redacted] 9.93 per cent and [redacted] totalled FFr11bn. [redacted] lower than expected, but [redacted] Treasury is committed to sell[redacted] at least FFr1bn of the issue each month, which should make it a [redacted]

AIBD moves training base

The Association of International Bond D[redacted] (AIBD), the self-regulatory organisation governing [redacted] Eurobond market, has awarded [redacted] franchise to run [redacted] of its training programmes to Reading University, 40 [redacted] outside London, [redacted] Tracy Corrigan.

The current system of twice-yearly seminars in Montreux, Switzerland, organised by the [redacted], will be run down. The plan allows the AIBD to extend its educational role without building [redacted] large bureaucracy.

The [redacted], run by the University [redacted] Reading under AIBD control, will provide regional training for [redacted] firms. Seminars will be held in six AIBD regions in 1992 [redacted] in [redacted], boosting the number of [redacted] who [redacted] training. Each course will be condensed to a week.

For the time being, training for back-office staff will [redacted] in Montreux.

Paris lists franc warrants

CITICORP yesterday launched 5m French franc currency warrants, which [redacted] the first currency warrants to be listed on the [redacted] bourse, writes Deborah Hargreaves.

The warrants were issued in [redacted] tranches. Four million of the warrants in four [redacted] confer the right [redacted] buy or sell dollars at a [redacted] exchange rate, while 2m of the products in two tranches set a rate for buying and selling [redacted].

Currency warrants have been listed in other financial cen[redacted], but French regulations [redacted] kept them out of Paris. After much discussion with the authorities, the bank was able [redacted] the [redacted] included in bourse regulation, which could open the market for further such [redacted].

The instruments are expected to attract investment from small-scale fund managers and retail investors which would otherwise have limited access to the large foreign [redacted]

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in [redacted] show [redacted] of [redacted]	Thursday January 3 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Jan 2 Index No.	Mon Dec 31 Index No.	Fri Dec 28 Index No.	Year ago (approx) Index No.
1	[redacted] GOODS [redacted]	707.77	-1.0	15.00	6.72	8.13	0.00	715.03	719.22	720.76	960.80
2	[redacted] (25)	959.69	-1.7	15.00	6.37	8.21	0.00	975.99	985.66	985.09	1181.09
3	Contracting, Construction (31)	1117.59	-1.2	16.47	7.04	7.89	0.00	1130.98	1136.06	1133.93	1621.44
4	Electricals (10)	1874.01	+0.7	15.00	7.12	8.15	[redacted]	[redacted]	1882.35	1884.47	2751.15
5	Electronics (26)	1508.26	-0.3	10.62	5.70	12.55	[redacted]	[redacted]	1518.10	1539.44	2025.67
6	Engineering-Aerospace (8)	395.75	-0.3	16.96	6.17	7.06	0.00	[redacted]	398.60	399.98	495.50
7	Engineering-General (47)	362.30	-0.5	16.12	7.08	7.48	0.00	364.09	365.48	365.49	502.82
8	Metals and Metal Forming (8)	399.06	-0.4	22.89	8.62	5.39	[redacted]	[redacted]	403.78	404.32	515.57
9	Motors (13)	289.58	-1.6	17.23	8.31	6.76	[redacted]	[redacted]	296.64	295.99	403.90
10	Other Industrial Materials (20)	1218.92	-1.6	13.79	6.66	8.38	0.00	1239.21	1243.92	1244.09	1773.27
21	CONSUMER GROUP (181)	1214.21	-0.3	10.11	4.29	12.28	0.00	1218.31	1228.68	1231.67	1354.22
22	Brewers and Distillers (22)	1575.73	-0.2	10.34	3.95	11.91	0.00	1578.67	1591.87	1597.40	1543.62
25	Food Manufacturing (20)	1028.19	-0.3	11.23	4.83	10.99	0.00	1030.91	1030.91	1034.03	1177.11
26	Food Retailing (16)	2266.45	+0.3	9.95	3.32	13.13	0.00	2259.53	2283.15	2287.95	2346.16
27	Health and Household (20)	2518.70	-1.3	7.15	3.03	16.58	0.00	2552.79	2568.62	2571.03	2795.49
29	Hotels and Leisure (22)	1195.72	-0.7	11.66	5.70	10.11	0.00	1204.21	1208.61	1217.10	1686.27
30	Media (25)	1214.20	-0.4	12.34	5.59	10.21	0.00	1219.04	1228.68	0.00	0.00
31	Packaging & Paper (11)	517.30	-0.1	10.26	6.64	11.96	0.00	518.01	523.99	525.71	588.58
34	Stores (34)	774.49	+0.7	11.02	4.72	11.82	0.00	768.80	784.81	786.45	831.92
35	Textiles (11)	404.10	-0.8	14.37	8.69	8.93	0.00	407.46	412.77	412.07	554.37
40	OTHER GROUPS (111)	990.20	-0.2	12.94	6.03	9.35	0.00	992.11	999.65	1013.62	1233.46
41	Business Services (12)	999.40	+0.1	12.53	5.39	9.50	0.00	998.51	999.65	0.00	0.00
42	Chemicals (22)	1024.13	-0.3	13.76	6.91	8.58	0.00	1027.58	1035.98	1044.54	1290.50
43	Conglomerates (11)	1232.99	-1.1	14.01	8.26	8.48	0.00	1246.86	1258.48	1299.13	1699.92
44	Transport (15)	1875.33	-0.9	13.83	5.42	8.94	0.00	1892.54	1912.40	1905.49	2458.00
45	Electricity (12)	997.70	-0.3	12.36	7.06	9.76	0.00	1001.17	999.65	0.00	0.00
46	Telephone Networks(3)	1134.19	+0.5	11.79	4.46	11.03	0.00	1128.40	1141.07	1165.21	1280.73
47	Water(10)	2184.42	....	14.34	6.41	7.87	0.00	2183.91	2204.34	2220.60	2011.56
48	Miscellaneous (26)	1552.91	-0.1	12.29	5.88	9.47	0.00	1554.12	1557.84	1568.61	1973.25
49	INDUSTRIAL GROUP (480)	1021.52	-0.4	12.02	5.34	10.19	0.00	1025.98	1033.85	1039.99	1234.57
51	Oil & Gas (20)	2271.99	-1.6	9.85	5.61	13.26	0.00	2309.09	2296.62	2316.22	2454.08
59	500 SHARE INDEX (500)	1124.39	-0.6	11.69	5.38	10.56	0.00	1131.29	1137.75	1144.96	1336.72
61	FINANCIAL GROUP (98)	700.55	....	–	6.80	–	0.00	700.13	710.09	713.30	865.58
62	Banks (9)	743.56	....	21.66	7.79	6.05	0.00	743.69	757.98	761.28	895.52
65	Insurance (Life) (7)	1239.24	-1.6	–	6.20	–	0.00	1258.82	1269.68	1277.15	1470.04
66	Insurance (Composite) (6)	602.65	+2.0	–	7.10	–	0.00	591.02	604.02	613.71	732.41
67	Insurance (Brokers) (8)	996.79	-0.8	7.59	6.50	17.26	0.00	1005.21	1028.50	1011.86	1194.74
68	Merchant Banks (7)	352.80	-0.2	5.52	5.82	24.15	0.00	353.48	355.41	355.92	498.17
69	Property (41)	959.85	....	7.09	4.92	19.16	0.00	960.22	963.53	963.06	1242.53
70	Other Financial (20)	251.10	-0.5	10.87	7.20	11.62	0.00	252.45	252.28	252.56	350.59
71	Investment Trusts (69)	986.61	-0.8	–	4.12	–	0.00	994.64	1002.09	1006.30	1323.81
99	ALL-SHARE INDEX (667)	1019.78	-0.5	–	5.55	–	0.00	1025.13	1032.25	1038.43	1224.52

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 2	Dec 31	Dec 28	Dec 27	Dec 24	Year ago
FT-SE 100 SHARE INDEX‡	2117.8	-10.5	2124.4	2106.3	2128.3	2143.5	2160.4	2167.8	2156.3	2451.6

FIXED INTEREST

	PRICE INDICES	Thu Jan 3	Day's change %	Wed Jan 2	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	118.92	+0.40	118.44	1.68	0.00
2	5-15 years (32)	128.38	+1.19	126.86	2.33	0.00
3	Over 15 years (8)	135.88	+1.99	133.23	2.03	0.00
4	Irredeemables (6)	147.56	+0.92	146.21	1.36	0.00
5	All stocks (74)	127.63	+0.99	126.38	2.10	0.00
	Index-Linked					
6	Up to 5 years (2)	157.22	+0.21	156.89	0.75	0.00
7	Over 5 years (10)	144.62	+0.54	143.85	0.74	0.00
8	All stocks (12)	145.44	+0.51	144.71	0.74	0.00
9	Debs & Loans (54)	104.28	+0.18	104.09	2.20	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jan 3	Wed Jan 2	Year ago (approx.)
	British Government				
1	Low	5 years	10.02	10.03	10.18
2	Coupons	15 years	10.02	10.24	9.60
3	(0%-7¾%)	25 years	10.02	10.27	9.54
4	Medium	5 years	10.93	11.15	11.08
5	Coupons	15 years	10.41	10.62	10.04
6	(8%-10¾%)	25 years	10.23	10.43	9.71
7	High	5 years	11.05	11.25	11.24
8	Coupons	15 years	10.60	10.80	10.23
9	(11%-)	25 years	10.39	10.57	9.82
10	Irredeemables		10.36	10.46	9.66
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.10	4.19	3.85
12	Inflation rate 5%	Over 5 yrs.	4.14	4.18	3.60
13	Inflation rate 10%	Up to 5 yrs.	2.79	2.88	2.97
14	Inflation rate 10%	Over 5 yrs.	3.96	4.00	3.43
15	Debs &	5 years	12.53	12.62	13.68
16	Loans	15 years	12.33	12.38	12.42
17		25 years	12.13	12.15	12.13

‡Opening index 2121.1; 9 am 2123.4; 10 am 2115.1; 11 am 2114.7; Noon 2106.5; 1 pm 2114.7; [redacted] pm 2118.6; 2.30 pm 2117.0; 3 pm 2118.2; 4.10 pm 2117.6; (a) [redacted] 8.57am (b) [redacted] 12.14pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is avai[redacted] from the Publishers, The Financial Times, Number One, Southwark Bridge, London [redacted] 9HL. The FT-ACTUARIES SHARE [redacted] information used in the construction [redacted] these Indices. These are available by subscription from FINSTAT, 071-925 2323. CORRECTED FIGURES [redacted]/12/90): [redacted] GOVERNMENT [redacted] 15 YRS. INDEX 126.54 -0.42 ACCRUED 2.26. OVER 15 YRS. INDEX 132.68 +2.21 ACCRUED 1.96.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	82	1	3
Corporations, Dominion and Foreign Bonds	5	0	16
Industrials	165	384	[illegible]
Financial and Properties	83	256	[illegible]
Oils	14	37	42
Plantations	1	2	7
Mines	14	51	[illegible]
Others	23	[illegible]	[illegible]
Totals	387	829	1,640

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Dec. 17
- Last Dealings [illegible]
- Last Declarations March 27
- For settlement April 8

For rate indications see end of [illegible]. Calls in Arca Energy, Next [illegible] Tusker Res. Put in Raine[illegible].

LONDON TRADED OPTIONS

[redacted] in [redacted] options and [redacted] yesterday as speculation about a [redacted] to [redacted] reported [redacted] Iraq had agreed, in [redacted] negotiations, to [redacted] from [redacted].

The [redacted] had [redacted] as worries [redacted] UK recession and [redacted] in [redacted] weighed heavily.

The futures market [redacted] stock market [redacted] during the first half of the session. [redacted] when reports of a possible Gulf [redacted] ment appeared, equity futures ral[redacted] premium to the [redacted].

[redacted] the [redacted] March FT-SE 100 [redacted] closed [redacted] point lower on the [redacted] at 2,162. March's premium [redacted] cash market ended [redacted] points, [redacted] with [redacted] of [redacted] value of [redacted] points.

[redacted] under-weight [redacted] were modest buyers of futures, using [redacted] derivative [redacted] hedge against [redacted] in [redacted] which could follow any Gulf settlement.

In [redacted] taking a [redacted] using [redacted] FT-SE [redacted]. [redacted] popular [redacted] the [redacted] 1,815 puts and 2,625 [redacted].

A [redacted] of 30,316 options changed hands and was weighted towards calls. FT-SE options accounted for a third [redacted] business, with the January 2,200 calls the [redacted] popular. One broker bought 500 January [redacted] and 500 January [redacted] calls [redacted] sold [redacted] January [redacted].

Among the [redacted] options, British [redacted] was the [redacted] after Barclays [redacted] Wedd [redacted] 750 May 280 [redacted] quantity of May 280 puts. A total of 1,756 BT options changed hands, equivalent to 1.7m [redacted].

The [redacted] busy [redacted] British Steel (1,675); [redacted] (1,129); Shell (1,005); and Hanson (981).

[illegible]

FNFC dives to £36.4m [redacted] defaults pile up

By Clare Pearson

DEFAULTS ON loans made last [redacted] First [redacted] Finance Corporation rose to levels not seen by the company since the recession of the early [redacted] as its UK customers felt the strain of high interest rates and [redacted] poll tax.

Mr Tom Wrigley, chief executive of the consumer credit and property concern, said about 14 per cent of loans were in default – defined by FNFC as more than 31 days overdue – by the end of the year to October 31.

As a result, the company made extra provisions – mostly relating to consumer lending – [redacted] £38m which reduced pre-tax profits for the year from £71.57m to £36.38m. The final dividend, however, is maintained at 8.5p net giving an unchanged 13p total. The shares closed 1p higher at 181p yesterday.

Fully diluted earnings fell to 18p (30.6p). That was after a fall in the tax charge from 28 per cent to 17 per cent, which was aided by a continuation of allowable losses and timing differences.

Mr Wrigley said the bulk of the extra lending provisions were for revaluations of properties, chiefly residential, where loans secured on them had fallen into arrears. "Valuations tend to assume a forced sale," he said.

About £25m of the provisions related to consumer lending and about £7m to commercial. The balance was for FNFC's own property development activities.

Profits from the property division slumped [redacted] £1.82m (£10.59m). Consumer credit made £27.5m (£48.75m) and the commercial division [redacted] (£15.78m). Central interest costs were £5.47m (£3.55m).

On demand levels, Mr Wrigley said that with little movement in the residential housing market requests for home improvement loans were holding up well. He said he thought FNFC had increased its share slightly to about 25 per cent of the UK market for such improvement loans.

He added that there appeared to be some "good quality" lending business in the commercial sector, which had become more available [redacted] competitors [redacted] tailed their lending operations.

Together with reductions in the number of customers settling debts early, increased lending volumes helped earning assets rise from £1.6bn to £1.8bn by the end of October.

On the outlook, the company said adverse economic conditions had continued to affect profitability so far in the current financial year.

"But people need to be convinced that the next interest rate movement is downwards before things get going again. I'm not sure the man in the street has reached that conclusion yet," Mr Wrigley said.

See Lex

Westport chairman resigns [redacted] profits drop

By David Owen

MR JOHN Friswell, [redacted] chairman of Westport Group, resigned yesterday as the exhibition, photographic ser[redacted] retail market [redacted] reported [redacted] sharp downturn in interim pre-tax profits.

Mr Ian McQuattie, [redacted] joined the group [redacted] finance director last October, [redacted] appointed [redacted] executive with [redacted] The company is to appoint [redacted] non-executive [redacted] "at the earliest opportunity."

[redacted] profits for [redacted] months [redacted] were just £14,000 (£1.25m), [redacted] taking [redacted] account [redacted]tional charges totalling £398[redacted]

[redacted] exceptionals were in respect of [redacted] relating to some [redacted]

Turnover improved [redacted] per [redacted] from £8.12m [redacted] £11.39m.

The company, which [redacted] conducting [redacted] "fundamental" [redacted] in the light of [redacted]rioration in economic conditions, also [redacted] extraordinary [redacted] provisions amounting [redacted]

[redacted] comprised a [redacted] provision [redacted] respect of [redacted] investments [redacted] property in Dubai – where [redacted] the largest exhibition contracting company – and else[redacted] £975,000 for [redacted] closure of [redacted] and [redacted] divisional/head office; [redacted] in disposals.

Earnings per share were just 0.01p (0.87p).

Mr McQuattie yesterday characterised relations [redacted] Mr Friswell and [redacted] Westport board [redacted] "good" but [redacted] had [redacted] group's successional planning.

[redacted] family members own approximately 7.5 [redacted] cent of the company's shares, compared with 27 per [redacted] held by Carlton Communications, [redacted] largest shareholder, and over [redacted] per [redacted] held by Emap.

The shares, which have fallen from 22p [redacted] January, were unchanged yesterday at 6p.

The dream that turned into a nightmare

John Thornhill on Easthope's collapse and the fears facing other high street retailers

THE COLLAPSE [redacted]thope [redacted] Co, [redacted] jewellery chain, on the last day of [redacted] represents [redacted] of one company's dream and perhaps signals [redacted] an industry nightmare.

The Leicestershire-based company, which traded as [redacted] the Jewellers until [redacted] staged [redacted] management buy-out from the [redacted] fashion group in November [redacted] [redacted] from [redacted] shops throughout the UK [redacted] employed 350 people. All [redacted] jobs [redacted] be [redacted]

Mr Maurice [redacted] and Mr [redacted] Betts, the partners at Grant Thornton who [redacted] been appointed joint administrative receivers [redacted] Easthope, suspect [redacted] the jewellery company's collapse [redacted] a grim [redacted] of things [redacted]

[redacted] trading [redacted] yesterday from [redacted] Group [redacted] a further round [redacted] profits downgradings by City analysts added [redacted] prevailing gloom in the retailing sector.

As [redacted] growth on [redacted] high street [redacted] level in a decade and rates, [redacted] have inexorably risen, retailers have been struggling.

Some of [redacted] which have been saddled with high [redacted] or have experienced particularly [redacted] trading have already fallen.

Others [redacted] scraping along praying that a reduction of interest rates will stimulate [redacted]

Mr Betts said that like many other retailing businesses, [redacted]thope's problems [redacted] from insufficient turnover. Easthope [redacted] trading over the Christmas period when it would normally have expected sales to be at [redacted] strongest, [redacted]

Easthope's inability [redacted] its rent was [redacted] final factor [redacted] triggered the receivership, although [redacted] had hoped [redacted] Easthope [redacted] a going [redacted]

He said [redacted] was unable [redacted] so [redacted] Next, which [redacted] owed [redacted] payment of [redacted] from [redacted] buy-out deal, [redacted] the return [redacted] Easthope's properties [redacted] it [redacted] legal charge.

[redacted] argued [redacted] want further uncertainty hanging [redacted] it for several months, although [redacted] have been possible to determine whether Easthope [redacted] be [redacted] a going [redacted]cern [redacted] three weeks.

Yesterday, [redacted] he could [redacted] yet quantify Easthope's liabilities although they ran into millions of pounds.

Next reported yesterday [redacted] had been "inundated" [redacted] enquiries [redacted] Easthope properties although [redacted] full the [redacted] was owed.

Easthope was, however, regarded [redacted] weak player in [redacted] jewellery market [redacted]

Tony Andrews

Easthope's premises in London's [redacted]

City analyst [redacted] "a special factor with Easthope [redacted] it [redacted] with [redacted] format."

Although other [redacted] undoubtedly suffering from [redacted]ficult trading conditions some are still recording relatively solid performances. Argos, the catalogue retailer, said yesterday that sales in the past two weeks had been "very encouraging".

Meanwhile, [redacted] Group, [redacted] in [redacted] jewellery [redacted] which [redacted] already expressed an interest in b[redacted] some of Easthope's stores, [redacted] substantially [redacted] year's figures although below [redacted] company's [redacted] expectations.

In the four [redacted] prior to Christmas, the Ratners and [redacted] both achieved like-for-like [redacted] increases of [redacted] per [redacted] H Samuel [redacted] per cent increase and Sterling, the company's [redacted] business, [redacted] a [redacted] per cent [redacted]

Mr [redacted] Ratner, chairman [redacted] managing director, [redacted] "Bearing in mind [redacted] difficult things [redacted] I am quite happy."

Barring unforeseen factors, Mr [redacted] confident that [redacted] group would [redacted] year's pre-tax profits before exceptional items. But he accepted [redacted] earnings per [redacted] likely [redacted] fall this year [redacted] of the dilutive effects of the acquisition of Kay's Jewelers in the US.

Kleinwort Benson, the stockbrokers, [redacted] cut this year's pre-tax profits [redacted] for Rat[redacted] from [redacted] £115m and [redacted] predicting that earnings per share might slip by 12 [redacted] cent. The company's shares, how[redacted] 7p [redacted] 165p.

Storehouse, the retailing group embracing [redacted] BhS, Mothercare and Habitat chains which adopted an aggressive trading policy over Christmas, also [redacted] trading [redacted] yesterday.

Although sales were running [redacted] last year's levels, the company warned that its profits in the year to March [redacted] were unlikely [redacted] exceed [redacted] previous figure of [redacted] before [redacted] and exceptional items.

The City [redacted] relieved [redacted] Storehouse's predictions [redacted] But profit [redacted] have, nevertheless, been trimmed from [redacted] to [redacted] the company's shares dipped [redacted] 110p, [redacted] 3p.

Storehouse [redacted]ber had been well down [redacted] the previous year [redacted] that [redacted] had picked up in December. "The last [redacted] before [redacted] really very acceptable," [redacted] company [redacted]

Like Ratners Group, BhS [redacted] from opening [redacted] on Sundays which was [redacted] have [redacted] "very [redacted]nite help".

Logica plans more job cuts at US subsidiary

By Alan Cane

CONTINUING weakness in the US market for computing services has forced more job losses [redacted] Logica Data [redacted]tects, [redacted] wholly-owned [redacted]iary of Logica, one of the UK's largest software houses.

Logica said yesterday that 80 jobs out of some 580 would be [redacted] in North America as part of [redacted] restructuring programme designed to return LDA to profitability in the second half of the current year.

The offshoot collapsed from a £4m profit to a £2m loss last year, helping materially to halve Logica's overall pre-tax profits from £18.8m to £9m.

LDA's chief activities are the provision of [redacted] and services to clients in the finance, [redacted] and telecommunications sectors. It also works with major [redacted]puter makers.

All these sectors showed slo[redacted] growth in the past [redacted] with the finance sector and computer manufacturing particularly hard hit.

Logica last year initiated corrective measures [redacted] bring expenses in line with sales, but continuing weakness in the market made them less effective than expected.

LDA failed to make [redacted] profit in the first half of the current year, which closed last week, and Mr Bill Fello, its new chief executive, decided that further action had to be taken.

Mr Fello, formerly president of computer services at Xerox Corporation and chief [redacted]tive of Touch Communications, was brought in to manage LDA's [redacted] following the [redacted] of LDA chairman Mr Martin Cooperstein and president Mr Norman Zachary.

Logica said yesterday that there was no expectation that further lay-offs would [redacted] needed either in the [redacted] in any other part of [redacted] company.

North American operations last [redacted] contributed [redacted] 13 [redacted] Logica's [redacted] £187m.

£592,000 pay-off for ex-T&L director

Mr Larry Cunning[redacted], who resigned last July as [redacted] director of [redacted] Lyle and president of its Staley corn syrup [redacted]iary in the [redacted] paid compensation of [redacted] for [redacted]mination of his contract, according [redacted] group's [redacted] accounts.

Smurfit makes acquisitions in France

By John Thornhill

Jefferson Smurfit, [redacted] and packaging company, [redacted] continuing [redacted] develop its European operations through the acquisition [redacted] a 95 per cent interest [redacted] the French companies [redacted] Lestrem Group.

[redacted] price [redacted] disclosed but was said [redacted] be "not [redacted]rial in [redacted] of [redacted] Jefferson Smurfit Group". [redacted] annual turnover of [redacted] Lestrem companies [redacted] more [redacted] FFr [redacted] (£25m).

The companies to [redacted] acquired include Cartonneries de Lestrem, based in north-east France, [redacted] produces 50,000 [redacted] of [redacted] board [redacted] year; [redacted] Belier, located in northern Paris, which [redacted] converts [redacted] board: [redacted] Tranepac, based on the same site, which operates as [redacted] board trading company.

These companies will [redacted] as part [redacted] France.

Throughout the past [redacted] years Jefferson [redacted] made [redacted] string of acquisitions in Europe [redacted] the [redacted] packaging sectors.

Composites cut bonus rates

By Eric Short, Pensions Correspondent

ANALYSTS, [redacted] reviewing [redacted] conventional life market, expected that traditional life companies would [redacted] forced [redacted] cut their bonus [redacted] for end-1990 as [redacted] result of [redacted] investment returns [redacted] year.

In the latest batch of announcements, Sun Alliance [redacted] Guardian Royal Exchange, [redacted] major composite insurance groups, have confirmed [redacted] predictions.

Sun Alliance has cut its annual reversionary bonus in 1990 to [redacted] the [redacted] made in [redacted] terminal bonus rates [redacted] October. But GRE [redacted] only cut its [redacted] bonus rates, leaving the annual reversionary [redacted] rates unchanged.

However, GRE has fulfilled analysts' predictions that the cuts could result [redacted] pay-outs [redacted] traditional with-profit con[redacted] would fall by up to 10 per cent, particularly [redacted] shorter-term contracts.

On [redacted] 10-year endowments maturity values drop nearly 11 per [redacted] compared with [redacted] year [redacted] on 25-year [redacted] they fall by a [redacted] more than 3 [redacted] cent.

[redacted] effect of the cuts made by [redacted] Alliance are less harsh, [redacted] 10-year maturities falling by [redacted] 6 per cent and those [redacted] 25-year [redacted] by [redacted] cent.

In contrast, General Acci[redacted] analysts by keeping all [redacted] unchanged, as [redacted] which [redacted] month, and also paying a special reversionary bonus.

As a result of this special bonus, GA [redacted] 10-year [redacted]rity pay-outs [redacted] by nearly 1 [redacted] cent, [redacted] 25-year pay-outs by [redacted] spectacular 12 per [redacted]

Under a with-profit [redacted]ment [redacted] pension contract, investors receive [redacted] in the form of annual bonuses [redacted] to their contracts plus [redacted] final terminal bonus paid when the contract matures. A [redacted] in the terminal bonus [redacted] has far more impact [redacted] pay-out values [redacted] in the annual bonus.

GA Life is in [redacted] strong financial position, with one [redacted] the highest free [redacted] reserve ratios. It is currently at the top of the performance tables, particularly for 25-year contracts, a position it [redacted] never occupied before, placing it in [redacted] strong position in an increasingly competitive market for with-profits business.

Mr Julian Tonks, GA's chief actuary, claims he is quite [redacted] about [redacted] new [redacted] confident that they [redacted] in the [redacted] future, unless the financial markets collapse.

Investor aged 29 at outset paying £30 a month

10-year [redacted]	Pay-out Jan 1 1991 £	Change over Jan 1 [redacted] [redacted]
CU	7,645	- 1.4
[redacted]	7,029	+ [redacted]
Sun [redacted]	6,547	- 3.3
GRE	5,892	-10.8

25-year endowments	Pay-out Jan 1 1991 £	Change over Jan 1 [redacted] [redacted]
GA Life	63,060	+12.4
CU	61,721	+ 2.5
Sun Allce	52,429	- 1.6
GRE	46,345	- 3.3

APV continues disposals as US loss-makers go

By Michiyo [redacted]

APV, [redacted] manufacturer [redacted] food processing machinery, [redacted] a further [redacted] in a programme of disposals with the [redacted]

It [redacted] sold [redacted] moulding [redacted] polymer machinery divisions of APV Chemical Machinery and substantially all of [redacted] Crompton and Knowles Corporation [redacted] US, [redacted] producer and mar[redacted] speciality chemicals, for $7.3m (£3.75m) in cash.

Mr Neil French, APV's finance director, said [redacted] decision [redacted] sell the lossmaking businesses [redacted] made last [redacted]ary as part of an overall strategy to return to the core business of manufacturing food-processing [redacted]

The [redacted] come in the [redacted] of three years [redacted] rapid growth for [redacted]

APV is [redacted] in the [redacted] of carrying out [redacted] large-scale restructuring programme.

In October it announced interim profits marginally [redacted] to [redacted] (£24.2m).

PUBLIC WORKS LOAN BOARD RATES

Effective January 2

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
1			$12\frac{3}{8}$			$13\frac{1}{8}$
Over 1 up to 2	$12\frac{3}{8}$	$12\frac{3}{8}$	$12\frac{1}{8}$	$13\frac{3}{8}$	$13\frac{3}{8}$	$12\frac{7}{8}$
Over 2 up to 3	$12\frac{1}{8}$	$12\frac{1}{8}$	$11\frac{7}{8}$	$13\frac{1}{8}$	$13\frac{1}{8}$	$12\frac{5}{8}$
Over 3 up to 4	12	12	$11\frac{3}{4}$	[redacted]	13	$12\frac{1}{2}$
Over 4 up to 5	$11\frac{7}{8}$	$11\frac{7}{8}$	$11\frac{3}{4}$	$12\frac{7}{8}$	$12\frac{7}{8}$	$12\frac{1}{2}$
Over 5 up to 6	$11\frac{7}{8}$	$11\frac{7}{8}$	$11\frac{3}{4}$	$12\frac{3}{8}$	$12\frac{3}{8}$	$12\frac{1}{4}$
Over 6 up to 7	$11\frac{3}{4}$	$11\frac{3}{4}$	$11\frac{7}{8}$	$12\frac{1}{4}$	$12\frac{1}{4}$	$12\frac{3}{8}$
Over 7 up to 8	$11\frac{3}{4}$	$11\frac{3}{4}$	[redacted]	$12\frac{1}{4}$	$12\frac{1}{4}$	$12\frac{1}{2}$
Over 8 up to 9	$11\frac{3}{4}$	$11\frac{3}{4}$	12	$12\frac{1}{4}$	$12\frac{1}{4}$	$12\frac{1}{2}$
Over 9 up to 10	$11\frac{7}{8}$	$11\frac{7}{8}$	[redacted]	$12\frac{3}{8}$	$12\frac{3}{8}$	$12\frac{1}{2}$
Over 10 up to 15	12	12	$11\frac{3}{4}$	$12\frac{1}{2}$	$12\frac{1}{2}$	$12\frac{1}{4}$
Over 15 up to 25	$11\frac{7}{8}$	$11\frac{3}{4}$	$11\frac{5}{8}$	$12\frac{3}{8}$	$12\frac{1}{8}$	$12\frac{1}{8}$
Over 25	$11\frac{5}{8}$	$11\frac{1}{2}$	$11\frac{1}{2}$	$12\frac{1}{8}$	12	12

*Non-quota [redacted] B are 1 [redacted] higher in [redacted] case than non-quota [redacted] A. †Equal [redacted] of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments [redacted] include principal and interest). [redacted] half-yearly payments [redacted] interest only.

Utd Newspapers purchase

By Jane Fuller

[redacted] NEWSPAPERS has bought the Informer [redacted] news[redacted] business of [redacted] Yellow Advertiser Newspaper Group for £11.5m.

Informer publishes free weekly newspapers in 12 editions covering parts [redacted] Surrey, [redacted] and [redacted] London. The weekly circulation is about 680,000 copies. In [redacted] year to June [redacted] it made a pre-tax profit of £1.3m [redacted] sales of £11.6m.

Yang, in which United News[redacted] has [redacted] 31.8 per [redacted] stake, said the sale would reduce [redacted] provide [redacted] working capital for [redacted] development of its remaining businesses. These are its original free [redacted] activities [redacted] London [redacted] Essex [redacted] the Kentish Times Group, which includes paid-for papers.

United Newspapers, which already [redacted] The Advertiser North London Group, said [redacted] operations and those of Yang ringed London. Following the Informer deal, ties [redacted] would be closer, enabling [redacted] and marketing effort [redacted] be enhanced.

Informer will [redacted] part of the United Provincial Newspapers subsidiary.

Correction

Holmes Protection

[redacted] Protection Group [redacted] pre-tax profit [redacted] $3.15m (£1.62m) for [redacted] six month period [redacted] June 30 [redacted] not a [redacted] as we reported yesterday.

DIVIDENDS ANNOUNCED

	Current payment	[redacted] of payment	Corres - ponding [redacted]	Total for [redacted]	Total [redacted]
FNFC ....fin	8.5	Feb 28	8.5	[redacted]	13
Gibbs Mew § ....int	[redacted]	Apr 8	[redacted]	-	6.75

Dividends shown pence [redacted] net [redacted] *Equivalent after allowing for scrip [redacted] capital [redacted] rights and/or acquisition issues. §USM stock. ☆Including property dividend of 1p.

BOARD MEETINGS

The following companies have notified dates [redacted] meetings to [redacted] Stock Exchange. Such meetings are usually held for [redacted] purpose of considering dividends. [redacted] indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's [redacted]

TODAY

Interims- Banner Homes, Hollas.

Finals- Windsor

FUTURE DATES

Interims-	
Eastern Electricity	Jan. 10
Nobo	Jan 15
Unitech	Feb. 7
Yorkshire Electricity	Jan. 14
Finals-	
Crown Communications	Jan. 15
M & G Dual Trust	Jan. 9

Brussels prepares for CAP overhaul

By David Gardner in Brussels

THE EUROPEAN Commission [redacted] today to [redacted] discussion on plans to overhaul [redacted] Agricultural Policy, the [redacted] expensive system of [redacted] subsidies, which is at the centre of the stalled Uruguay Round of negotiations [redacted] liberalise world trade.

The plans [redacted] reshape the CAP, described as "revolutionary" last month by Mr Ray MacSharry, the EC agriculture commissioner, are being uncommonly closely guarded. This [redacted] only partly [redacted] EC farmers [redacted] already [redacted] about [redacted] the reforms might reduce [redacted] incomes.

According to one senior EC diplomat it [redacted] the commission may well [redacted] proposals [redacted] the General Agreement on [redacted] Trade (Gatt) – [redacted] general [redacted] Mr Arthur Dunkel, [redacted] trying to unblock [redacted] Uruguay Round impasse – [redacted] beginning the [redacted] steering them through [redacted] member [redacted]

Nor [redacted] yet [redacted] commission itself [redacted] reached a unified position on proposals that one EC diplomat placed in the realm of "ideas and reflections".

At the Uruguay [redacted] summit meeting [redacted] month, Mr MacSharry [redacted] Mr [redacted] Andriessen, the External Affairs Commissioner, disagreed sharply [redacted] how [redacted] and [redacted] farm produce exporting countries' [redacted] to slash export [redacted] and import [redacted] Prior to [redacted] had [redacted] member states' farm ministers eight meetings to [redacted] the [redacted] reduction in internal [redacted] ports (from 1986 [redacted]) which [redacted] so roundly rejected at [redacted] summit.

Since then, however, Mr Jac[redacted] Delors, [redacted] commission president, is [redacted] the decision [redacted] real reform of [redacted] EC's farm regime [redacted] be broached. [redacted] only might [redacted] Uruguay Round [redacted] if it [redacted] not, but [redacted] EC budget, of which [redacted] spending [redacted] around [redacted] per cent, would this year [redacted] renewed [redacted]

Reform proposals [redacted] under[redacted] to [redacted] on:

- Switching from production subsidies through pricing, to income support targetted on [redacted]
- A more aggressive "set-aside" policy [redacted] cereal land [redacted] production;
- [redacted] controls on supply, including [redacted] in milk production, [redacted] already subject [redacted] quotas.

The first proposal would move [redacted] EC [redacted] US system [redacted] "deficiency payments" [redacted] farmers. [redacted] it [redacted] clear whether the [redacted] whole – if and when [redacted] – will [redacted] Washington's [redacted] dumping [redacted] produce, or [redacted] will [redacted] costly [redacted] CAP provisions.

US grain offensive to continue

By Nancy Dunne in Washington

THE [redacted] Department of Agriculture clearly intends [redacted] an aggressive posture in [redacted] grain markets, despite [redacted] expected build-up in [redacted] year.

[redacted] Clayton Yeutter, [redacted] US Agriculture Secretary, this [redacted] announced [redacted] American [redacted] receiving production [redacted] benefits [redacted] required [redacted] number of [redacted] required under [redacted]

[redacted] issued [redacted] new [redacted] sell subsidised wheat in Europe under [redacted] Export Enhancement Program, [redacted] vehicle for challenging [redacted] export subsi[redacted] were for [redacted] Norway [redacted] Finland.

[redacted] Acreage [redacted] Program, [redacted] per cent of [redacted] land traditionally planted [redacted] wheat would be left fallow; 7.5 of [redacted] maize, barley [redacted] sorghum [redacted] set-aside; [redacted] must be left unplanted.

Because of changes in last year's Farm Bill, loan [redacted] – which generally [redacted] price floors – [redacted] increased. The [redacted] a bushel, [redacted] from [redacted] The [redacted] is [redacted] $1.62, [redacted] $1.57; for sorghum, $1.54, [redacted] 5 cents; [redacted] for barley, [redacted]

NZ wool growers hope to cast off their cares

The gloom appears to be lifting after a deeply troubled year, writes Dai Hayward

NEW ZEALAND will be shipping more lamb to world [redacted] 1991. The spring lamb crop, helped by [redacted] and good, [redacted] growing [redacted] up by [redacted] compared with [redacted] With [redacted] killing [redacted] in full swing slaughtering will be up by 6.1 per cent to 25.7m head.

New Zealand [redacted] world's [redacted] lamb exporting country and [redacted] year will ship [redacted] of lamb [redacted] countries.

Shipments [redacted] UK, once [redacted] market, [redacted] be restricted [redacted] of EC regulations which limit sheepmeat exports to Europe and also increased competition from domestic lamb.

Middle East countries are expected to buy more this year with sales to Japan showing a modest increase.

Farmers have almost completed rebuilding their flocks, which were heavily depleted during the severe drought of 1988-89.

Mutton exports are still showing the effect of the drought, with exports last year down by 18.9 per cent to 83,000 tonnes. The Middle East, Japan and the Soviet Union are the largest buyers of mutton.

C[redacted] and carpet manufactur[redacted] will play a major role in determining [redacted] income of [redacted] Zealand's sheep farm[redacted] this year, [redacted] the amount of [redacted] they [redacted] able to repay.

New Zealand wool prices have come [redacted] of [redacted] trough and should show [redacted] modest [redacted] steady improvement in 1991, continuing the trend which started with the last [redacted] sales of last year. It will be a long haul back [redacted] depressed price levels and demand of [redacted] but there is confidence in the industry that [redacted] begun at last, [redacted] market analysts predicting continued recovery [redacted] the first [redacted] of 1991.

China, which [redacted] overwhelmingly New Zealand's largest customer for wool [redacted] years ago, is expected to be back in the [redacted] soon. The quantity it purchases [redacted] a considerable impact [redacted] prices [redacted] ultimately determine the size of the growers' wool cheque.

The recovery will also receive added impetus [redacted] sales to the Soviet Union can [redacted] resumed at any reasonable level.

In 1988 [redacted] bought 30 per cent of all [redacted] Zealand's wool exports, but [redacted] orders last [redacted] accounted for only [redacted] 5 per cent and [redacted] per cent of the reduced total. The drop [redacted] major depressing [redacted] on prices.

The New Zealand [redacted] Board [redacted] confident, however, that Chinese buyers will [redacted] back in greater force [redacted] and, although [redacted] does not expect sales [redacted] high level [redacted] there will [redacted] consequent rise in prices.

There [redacted] other signs pointing [redacted] a better year [redacted] the country's wool industry.

At the [redacted] of [redacted] December [redacted] 21, prices [redacted] from those paid [redacted] auctions [redacted] week earlier by 1 per cent for cross-bred wool and [redacted] per cent for merino. Stronger demand also [redacted] in [redacted] Wool Board buying only just [redacted] per cent [redacted] offering – 5,474 [redacted] – [redacted] much smaller percentage [redacted] at [redacted] sales earlier in [redacted] year.

The board's stockpile [redacted] end of the year [redacted] bales – up [redacted] on [redacted] start of [redacted] in July. In its determination [redacted] price levels it bought considerably more [redacted] bales, but it resold large quantities during the [redacted]

Many brokers and exporters are now reluctant to buy [redacted] auction unless they have confirmed orders. They prefer to obtain their requirements from the board's stockpile as they receive [redacted] customers.

U[redacted]ty over a possible devaluation of the NZ dollar also created buyer [redacted] had been expected that the government would [redacted] currency in [redacted] December [redacted] economic package, but this did not happen. However, the floating exchange [redacted] policy allowed the NZ dollar to fall 1.5 [redacted] cent against the US dollar [redacted] against [redacted]ling in the week to December 21, which helped [redacted] improve prices at the last sales of the year.

Large quantities of New Zea[redacted] carpet-making, [redacted] competition from synthetics has been fierce [redacted] the past few years. [redacted] carpet [redacted] is extremely competitive with synthetic [redacted] which makes wool [redacted] consumer level. The Wool Board estimates that New Zealand wool is now between 40 and 50 per cent cheaper for European mills than it was 18 months ago. Aware of this, many overseas manufacturers are buying more wool and are expected to increase their orders in 1991.

The average price at the end of the year was around NZ$4 (£1.22) a kilogram. Last season [redacted] NZ$6 a kilogram and that was lower than the year before.

While lower prices pleased buyers and manufacturers, [redacted] had a devastating effect on sheep-farmers' incomes. Some 30 per cent of all [redacted] wool-growers had [redacted] net income of only NZ$10,000 [redacted] 20 per [redacted] suffered [redacted] on their operations before drawing any [redacted] meet personal [redacted] The Wool [redacted] places the blame for this on the EC agri[redacted] su[redacted]ies.

New Zealand wool production this season is forecast to be down about 5,000 tonnes to 230,000 tonnes, reflecting a drop in the national sheep flock as farmers switch to alternative crops. Less wool creates more competition.

Another encouraging indication is that Western European buyers will be reasonably active in the New Year, while Japan, now New Zealand's largest wool customer, will maintain its buying level. Although the Soviet Union undertook to settle its debts, 20 per cent in value of New Zealand wool shipped there in 1990 was still not paid for by Christmas. There are hopes that these debts will be settled in January, leading to resumed exports to the Soviet Union.

In July, the Wool Board had NZ$165m in reserves to finance its price support policy, and it still has well over NZ$100m to continue support in 1991. There are indications that wool buyers now accept that both New Zealand and Australia are committed to maintaining a floor price in 1991. Although the huge stockpile of Australian wool has a depressing effect on the world market, New Zealand is confident that prices for its wool will show a modest increase in the coming months.

Although prospects are improving for [redacted] sheep farmers, they dare not hope for a prosperous new year. An easing of the financial hardship many endured in 1990 is the best they can look forward to.

Growing potatoes the watertight way

David Spark on [redacted] technique for minimising irrigation

COMPUTER [redacted] by [redacted] Cambridge researcher working with data from [redacted] new field weather station [redacted] offering [redacted] a [redacted] defence against their environmentalist critics. They [redacted] it possible to [redacted] irrigation of potatoes [redacted] exactly right, thus avoiding [redacted] drainage of excess water that would [redacted] polluting [redacted] the public [redacted] supply.

In ten sensitive [redacted] Ministry of Agriculture is trying to persuade [redacted] to reduce their use of nitrate fertilisers. Accurate control of irrigation offers another approach [redacted] the problem. Pota[redacted] a [redacted] much of the British crop is irrigated. Sugar beet gets of a lot [redacted] irrigation too.

In a potato-growing trial staged by Walker's and Smith's crisps at Bilsthorpe, Nottinghamshire, an irrigation-control system devised by Mr Eric Allen of Cambridge University Farm produced similar crops to another irrigation-control system that put on 38 mm more water. Mr Allen [redacted] 28 mm of the extra 38 mm drained out of the soil, taking nitrate [redacted] groundwater.

He has [redacted] studying the control [redacted] irrigation since realising that it [redacted] "ludicrous" to irrigate without knowing how the [redacted] of the plants perform. At Bilsthorpe, the potato [redacted] went [redacted] metre and could have gone further in a less hot summer. The greater the [redacted] depth, [redacted] plants obtain from the soil and [redacted] irrigation they [redacted]

[redacted] system discourages irrigation early in the season because this can make plant roots stay shallow instead [redacted] reaching down deep.

To calculate the need for irrigation water, the system has to set off the rainfall and the water available in the soil against [redacted] requirements of the plants and the water which the atmosphere will draw from the leaves.

For Bilsthorpe, Mr, Allen obtained data on temperature, rainfall and solar radiation from an ELE environmental station set up in the demonstration field [redacted] C.A. Strewson's farm. This records environmental data automatically [redacted] hour.

He also obtained regular information on the depth [redacted] by [redacted] of ground covered by the plants. With all [redacted] data, [redacted] computer [redacted] produced advice on [redacted] irrigation water to be applied if no rain fell.

He provides a [redacted] service for other farms. They send in data and he sends back advice based on it. The farmers, he points out, [redacted] to be confident that, if they [redacted] the advice, they will [redacted] be penalised in terms of quality or yield.

For sugar-beet growers, [redacted] Broom's Barn [redacted] of [redacted] Institute of Arabic crops research produces irrigation advice. But this is worked out for sugar-factory areas, not individual farms.

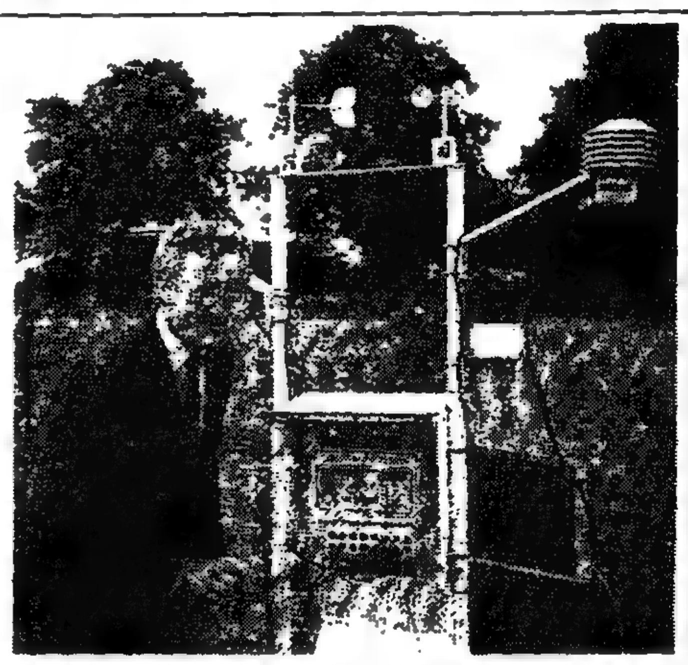
For Smith's Crisps, Mr Allen has initiated seed-potato production in Suffolk with the aim of minimising the fungus dis[redacted] that [redacted] problems [redacted] crisp-makers. [redacted] prevailing wind blows in off [redacted] fungus-free sea.

One disease, stem canker, results [redacted] potatoes of widely differing size, [redacted] of the regularity the crispers require. Skin [redacted] penetrates deeper into [redacted] potatoes when they are treated [redacted] sprouting. Mr Mike Kirkman of Walker's [redacted] spot can cost the company and its [redacted]ers £500,000 in a bad year.

[redacted] shorter [redacted] growing [redacted] contamination. So the Suffolk seed is grown only [redacted] 11 [redacted] It produces small potatoes but [redacted] Allen [redacted] this does not [redacted] the subsequent [redacted] At Bilsthorpe, Suffolk [redacted] was equal top for yield.

Disease-free potatoes obtained by micropropagation will be fed through the Suffolk system.

The Bilsthorpe trials [redacted] potato varieties from Holland, Germany, Austria, Canada, the US and Japan but none looks like displacing Record, the British crisp-makers' favourite for [redacted] years.



Eric Allen with the field environmental station

Record is susceptible to viruses, has a mode[redacted] content (which [redacted] browning in crisps) [redacted] be stored cold, which means it has to be treated in [redacted] to prevent sprouting. But its yield, texture and high dry-matter content make it hard to beat in British conditions.

Walkers is, however, getting a [redacted] variety called Ern[redacted] grown in Cornwall. Lifted in the [redacted] July, it is low in sugar and can be stored for a month to keep the crisp factori[redacted]pplied early in [redacted]

SA bank sends bullish signal to gold market

By Kenneth Gooding, Mining Correspondent

THE SOUTH African Reserve Bank, the country's central bank, yesterday sent a signal [redacted] gold producers by revealing it [redacted] forward bullion [redacted] it anticipated that tension in the Gulf would soon send gold prices higher.

Some [redacted] took this to be the bank's way of encouraging gold producers [redacted] the world to stop putting a "cap" on the price by forward selling.

Producer [redacted] been particularly [redacted] recently every time gold came close [redacted] a troy ounce.

The mining team at the Barclay de Zoete Wedd financial services group has calculated that in the third quarter of 1990 – when the gold price last rose above $400 an ounce – some 5.1m [redacted] tonnes) [redacted] future [redacted] production [redacted] sold by producers.

According to BZW estimates, the amount of gold bullion [redacted] in [redacted] third quarter [redacted]sented about 19.8 per cent of total estimated 1991 production from South Africa, Australia and North America. The total [redacted] of gold [redacted] the end of the quarter [redacted] to about 70 per cent [redacted] estimated 1991 production and about 9.9 per cent [redacted] known gold reserves in the ground.

"This [redacted] the most extensive [redacted] position producers have ever [redacted]" said Mr Richard Kornman, [redacted] of [redacted] BZW [redacted] who produced [redacted] report [redacted] the impact of gold hedging.

"[redacted] degree of producer influence on [redacted] markets has steadily increased and now has [redacted] marked influence on [redacted]lies in the gold price," he [redacted] "A vast range of hedging vehicles is available and the effect is that sharp rises in the gold price are met with an increased amount of supply."

BZW [redacted] gold market could reach an [redacted]rium a minimum hedge position for the industry might have to be established. "That may be [redacted] away if North American and South African producers come up to the level of hedging of the Australian producers."

WORLD COMMODITIES PRICES

MARKET REPORT

THE [redacted] price [redacted] London bullion market [redacted] York quotation lower yesterday in response to French press reports, [redacted], that Iraq had agreed in principle [redacted] pull [redacted] Kuwait. But the [redacted] in [redacted] with the price ending [redacted] a troy ounce, down [redacted] from Wednesday's close. The silver price [redacted] lower in [redacted] morning, [redacted] it [redacted] fixed 6.9 cents lower at 409.65 cents a troy ounce. But bargain hunter's were attracted at that level and the price closed nearly 7 [redacted] above the fixing level. At [redacted] London [redacted] Exchange the copper market [redacted] of Wednesday's [redacted] position closing [redacted] $1,346 a tonne, down [redacted] day. [redacted] said in the absence of any fundamental reason for recent gains the market had been left vulnerable to [redacted] and profit-taking. [redacted] the London Futures and Options Exchange freight [redacted] mostly [redacted] in [redacted] dealers [redacted] correction [redacted] pre-Christmas rise. "Prior [redacted] the [redacted] was [redacted] a very strong [redacted] and technically it was overbought. We had a bit of a profit-taking shake-out today," one explained.

Compiled [redacted]

London Markets

[redacted]		
Crude oil (per barrel FOB)		+ or -
Dubai	[redacted]	-1.43
Brent [redacted]	[redacted]	-1.78
Brent [redacted] (February)	[redacted]	-1.60
W.T.I. [redacted] pm est)	[redacted]	-1.72
Oil products (NWE prompt delivery per tonne CIF)		+ or -
[redacted]	$254-258	-15½
[redacted] Oil	$243-245	-24
Heavy Fuel Oil	$131-134	-4
[redacted]	[redacted]	-17½
[redacted] Argus [redacted]		
Other		+ or -
[redacted] oz)♣	[redacted]	[redacted]
Silver (per troy oz)♣	[redacted]	-6.90
Platinum (per troy oz)	[redacted]	+1.50
Palladium (per troy oz)	[redacted]	+0.50
Aluminium (free market)	$1555	+20
Copper (US Producer)	124c	+2
Lead (US Producer)	50c	
Nickel (free market)	388c	+3
Tin (Kuala Lumpur market)	14.84r	-0.02
Tin (New York)	[redacted]	+[redacted]
Zinc [redacted]	[redacted]	
[redacted] weight)†	107.51p	-4.14*
[redacted] (dead weight)†	142.52p	-18.4*
Pigs (live weight)†	78.14p	-10.1*
London daily sugar (raw)	[redacted]	-7.2
London daily [redacted]	[redacted]	[redacted]
Tate and L[redacted] export [redacted]	[redacted]	-4.5
Barley (English feed)	Unq.	
[redacted] (US No. 3 yellow)	£183.0	
[redacted] (US [redacted] Northern)	£87.0	
Rubber [redacted]	50.50p	-0.50
Rubber (Mar)♥	50.75p	-0.50
Rubber (KL RSS No 1 Jan)	239.0m	-1.0
Coconut oil (Philippines)§	350.0z	
Palm Oil (Malaysian)§	350.0	
Copra (Philippines)§	$242.5x	+2.5
Soyabeans (US)	£134.0	-1.5
Cotton "A" index	83.30c	-1.00
Wooltops (64s Super)	414p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. v-Jan. w-Feb/Mar. z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)
Raw	Close	[redacted]	High/Low
Mar	202.80	203.20	205.00 [redacted]
[redacted]	[redacted]	[redacted]	207.40 [redacted]
Aug	[redacted]	[redacted]	[redacted]
Mar	[redacted]	[redacted]	212[redacted]
[redacted]	[redacted]	Previous	High/Low
Mar	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	280.5	[redacted]
[redacted]	[redacted]	277.5	[redacted]

[redacted] lots of [redacted] tonnes. [redacted] (FFr [redacted] tonne): [redacted] 1497, [redacted] 1503, [redacted]

[redacted]			[redacted]
	Latest	[redacted]	[redacted]
Feb	[redacted]	[redacted]	[redacted]
Mar	[redacted]	[redacted]	[redacted]
Apr	[redacted]	[redacted]	24.85 23.35
May	[redacted]	[redacted]	22.78
Jul	[redacted]	[redacted]	21.75
[redacted]	27.11	[redacted]	[redacted] 27.11

[redacted]

GAS OIL – IPE			[redacted]
	[redacted]	[redacted]	High/Low
Jan	[redacted]	256.50	256.50 235.00
Feb	228.00	248.75	[redacted]
[redacted]	214.00	[redacted]	[redacted]
Apr	[redacted]	[redacted]	[redacted]
[redacted]	200.00	[redacted]	213.00 [redacted]
Jun	198.00	212.00	[redacted]
Jul	198.00	[redacted]	[redacted]

Turnover 9640 (5571) lots of 100 tonnes

FRUIT & VEGETABLES

Pi[redacted] at [redacted] (70p-£1.50) depending on on size are this weeks best buy, reports FFVIB. Apples are great value with Cox's at 40-60p a lb (40-60p), French golden delicious at 40-50p (40-50p). Bananas at 40-55p (40-55p) remain at a stable price as do kiwifruit at 16-24p each (16-24p). Citrus fruits such as oranges at 8-28p (8-28p) are still great value Cauliflowers are abundant at 55-75p (60-80p), as are Brussel sprouts at 25-40p a lb (25-40p), carrots at [redacted] a lb (20-30p), parsnips at 25-35p (25-35p). The best salad buys are British, Dutch and Belgian round [redacted] at [redacted]

[redacted] – London FOX			[redacted]
	[redacted]	Previous	High/Low
Mar	[redacted]	[redacted]	[redacted]
May	[redacted]	[redacted]	[redacted]
Jul	710	708	[redacted]
Sep	741	739	743 740
Dec	772	770	774 770
Mar	795	793	797 795

Turnover [redacted] of [redacted] tonnes [redacted] per tonne). Daily price [redacted] (877.26) [redacted] day [redacted]

[redacted] – [redacted] FOX			[redacted]
	Close	[redacted]	High/Low
[redacted]	610	[redacted]	[redacted]
[redacted]	574	568	575 [redacted]
May	583	575	584 [redacted]
Jul	600	592	600
[redacted]	[redacted]	[redacted]	[redacted]
Nov	630	622	624 624
Jan	644	635	636 636

[redacted] of [redacted] tonnes
ICO indicator prices (US cents per pound) for Jan 2: Comp. daily [redacted] 15 day [redacted]

POTATOES – [redacted]			[redacted]
	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted] 128.7
May	[redacted]	151.5	148.0

[redacted]

SOYAMEAL – [redacted]			£/tonne
	[redacted]	[redacted]	High/Low
[redacted]	[redacted]	[redacted]	115.30
[redacted]	[redacted]	[redacted]	[redacted]
Aug	[redacted]	[redacted]	[redacted]

Turnover 65 (25) lots of 20 tonnes.

[redacted]			$10/index point
	[redacted]	[redacted]	High/Low
Jan	[redacted]	[redacted]	1438 1415
[redacted]	1375	1410	[redacted] 1390
Apr	1302	1308	1320 1300
Jul	1020	1018	1020
BFI	1446	1447	[redacted]

Turnover 142 [redacted]

GRAINS – IPE			
[redacted]	[redacted]	[redacted]	High/Low
[redacted]	120.10	[redacted]	[redacted]
Mar	123.35	[redacted]	[redacted]
May	126.85	127.00	126.85
Sep	108.75	108.75	108.75
Barley	Close	Previous	High/Low
Jan	[redacted]	[redacted]	114.80
Mar	118.35	118.20	[redacted]

Turnover. Wheat 137 (139), Barley 13 (10).
Turnover [redacted] of 100 tonnes.

PIGS – IPE			[redacted] Settlement) [redacted]
	Close	Previous	[redacted]/Low
Mar	95.5	95.5	[redacted]
[redacted]	[redacted]	99.5	99.0
[redacted]	[redacted]	100.5	100.0

[redacted] of 3,250 [redacted]

LONDON METAL EXCHANGE	Close	Previous	High/Low	[redacted]	[redacted]	Open Interest
Aluminium, 99.7% [redacted] ($ [redacted] tonne)						[redacted] daily [redacted] 17,144 [redacted]
Cash	1557-60	1541-3		1554-5		
3 months	1591-2	1576-8	[redacted]	1587-8	1588-90	[redacted]
Copper, Grade A (£ per tonne)						[redacted] daily [redacted]
Cash	1345-7	[redacted]	[redacted]	[redacted]		
3 months	[redacted]	1373-4	[redacted]	1356-7	1368-8	[redacted]
Lead (£ per tonne)						[redacted]
[redacted]	315-8	322-3		315-5.5		
3 [redacted]	330-1	334 5-5	336/329	329-9.5	334-5	[redacted]
[redacted] ($ per tonne)						Total daily [redacted] 1,146 [redacted]
Cash	8370-80	8300-60	[redacted]	8325-30		
3 months	8330-50	8300-25	[redacted]	8310-30	8325-50	[redacted]
Tin ($ per tonne)						[redacted] turnover [redacted]
Cash	[redacted]	5555-65	[redacted]	5555-60		
[redacted]	[redacted]	5670-5	[redacted]	[redacted]	5740-50	[redacted]
Zinc, Special High Grade ($ per tonne)						Total daily turnover [redacted]
Cash	[redacted]	1257-8	1256/1255	[redacted]		
3 months	[redacted]	[redacted]	[redacted]	1255-6	[redacted]	[redacted] lots

LME Closing [redacted] rate
SPOT: 1.9470 3 months: [redacted] 6 [redacted] 9 [redacted]

[redacted] – London FOX	Close	Prev.	High	[redacted]	[redacted]
Indx	[redacted]	[redacted]			
Jan	[redacted]	182.48	[redacted]	[redacted]	108
[redacted]	[redacted]	182.50	[redacted]	[redacted]	[redacted]
Mar	[redacted]	182.20	[redacted]	[redacted]	20
Jun	161.30	[redacted]	[redacted]	[redacted]	163
Sep	160.80	160.20	160.80		[redacted]

LONDON BULLION MARKET (Prices [redacted] by [redacted])		
Gold (fine oz)	$ price	[redacted] equivalent
Close	386.00-386.50	
Opening	387[redacted]	
Morning fix	[redacted]	198.741
Afternoon fix	[redacted]	198.428
Day's high	[redacted]	
Day's low	383.50-384.00	

[redacted] Lending Rates (Vs US$)			
1 month	5.71	6 months	5.33
2 months	5.55	12 months	5.23
3 months	5.42		

[redacted]	p/fine oz	US cts equiv
Spot	210.45	409.85
[redacted]	[redacted]	417.10
6 [redacted]	224.60	425.00
12 months	[redacted]	440.40

TRADED OPTIONS				
Coffee	Mar	[redacted]	[redacted]	[redacted]
500	77	87	3	4
[redacted]	35	48	14	50
[redacted]	16	22	42	39
Cocoa	[redacted]	[redacted]	[redacted]	[redacted]
600	60	[redacted]	[redacted]	[redacted]
650	31	58	[redacted]	30
700	14	34	66	56
Brent Crude	Feb	Mar	Feb	Mar
2500		240	50	285
2550				
2600	125		125	355

New York

GOLD 100 troy oz.; $/troy oz.				
	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	0	[redacted]
[redacted]	388.9	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	392.6	[redacted]	[redacted]
Apr	[redacted]	[redacted]	392.7	[redacted]
Jun	[redacted]	[redacted]	398.3	393.0
[redacted]	[redacted]	[redacted]	0	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	411.9	[redacted]	[redacted]

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	411.4	[redacted]	412.6	[redacted]
Apr	416.9	[redacted]	417.5	[redacted]
[redacted]	419.9	417.1	419.3	[redacted]
Oct	[redacted]	421.2	[redacted]	[redacted]
Jan	[redacted]	425.0	[redacted]	0

SILVER [redacted] troy oz; cents/troy oz.				
	[redacted]	[redacted]	High/Low	
[redacted]	421.4	411.4	420.0	[redacted]
[redacted]	[redacted]	414.0	0	[redacted]
[redacted]	[redacted]	416.7	[redacted]	[redacted]
[redacted]	[redacted]	422.3	[redacted]	[redacted]
Jul	[redacted]	[redacted]	439.0	[redacted]
Sep	443.6	433.2	[redacted]	[redacted]
Dec	451.4	440.9	[redacted]	[redacted]
Jan	453.4	[redacted]	0	0
[redacted]	[redacted]	[redacted]	448.0	448.0
[redacted]	[redacted]	455.0	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jan 3	Jan 2	mnth ago	yr ago
1597.7	1708.8	1716.5	1828.3

DOW JONES (Base: Dec. 31 1974 = 100)				
	Jan 2	Dec 31	mnth ago	yr ago
Spot	123.70	124.97	122.80	127.38
[redacted]	120.61	[redacted]	124.42	129.73

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	[redacted]	[redacted]	High/Low	
[redacted]	117.15	120.05	[redacted]	117.10
Feb	117.15	120.30	118.70	117.10
Mar	116.30	119.30	117.80	115.90
Apr	[redacted]	[redacted]	[redacted]	[redacted]
May	113.10	[redacted]	[redacted]	[redacted]
Jun	111.90	[redacted]	0	0
[redacted]	110.70	[redacted]	111.85	110.90
[redacted]	109.60	[redacted]	0	0
[redacted]	[redacted]	[redacted]	110.00	109.30
Oct	[redacted]	[redacted]	0	[redacted]

[redacted] OIL [redacted] US galls $/barrel				
	Latest	[redacted]	High/Low	
[redacted]	[redacted]	[redacted]	26.20	[redacted]
[redacted]	24.80	[redacted]	25.50	[redacted]
[redacted]	[redacted]	24.30	23.85	23.20
Jun	[redacted]	[redacted]	[redacted]	[redacted]
Aug	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	21.70	22.17	[redacted]	[redacted]
Oct	21.60	21.97	21.66	21.20
Nov	21.50	21.82	0	0

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Feb	7040	7330	7255	6950
Mar	6780	7086	6980	[redacted]
Apr	[redacted]	6750	6630	[redacted]
[redacted]	6140	6265	6175	[redacted]
[redacted]	6020	6180	6100	[redacted]
[redacted]	6030	6210	[redacted]	6000
[redacted]	6130	6310	6200	6095
[redacted]	6240	6390	6290	6240

[redacted]				
	Close	[redacted]	[redacted]	
[redacted]	1141	1146	1160	1140
[redacted]	1185	[redacted]	1196	1183
[redacted]	1226	1230	1235	1226
Sep	[redacted]	1266	1270	1270
[redacted]	[redacted]	[redacted]	1320	1313
Mar	1360	1357	1360	1360
May	1390	0	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jul	[redacted]	[redacted]	94.25	92.50
Sep	[redacted]	94.90	96.50	94.90
Dec	[redacted]	97.50	[redacted]	[redacted]
[redacted]	101.25	100.70	[redacted]	[redacted]
May	102.50	102.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	[redacted]	[redacted]	High/Low	
[redacted]	9.11	9.12	9.25	9.05
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	9.28	9.36	9.21
Oct	9.28	9.34	9.42	9.23
Mar	9.42	9.46	9.39	9.34
May	9.45	9.48	9.45	9.45

COTTON 50,000; cents/lbs				
	[redacted]	[redacted]	High/Low	
Mar	[redacted]	[redacted]	[redacted]	73.05
May	[redacted]	[redacted]	[redacted]	73.80
Jul	74.50	73.58	74.50	73.31
Oct	67.63	67.58	67.65	67.25
Dec	64.60	64.49	64.60	64.12
Mar	65.35	65.40	65.30	64.90
May	65.70	65.70	66.00	66.60

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	106.15	105.36	106.25	103.50
Mar	109.15	111.15	109.00	108.15
May	110.75	114.00	110.75	109.00
Jul	111.75	115.85	112.60	110.85

Chicago

SOYABEANS 5,000 bu min; [redacted]				
	Close	[redacted]	High/Low	
Jan	[redacted]	553/6	559/0	[redacted]
Mar	[redacted]	[redacted]	[redacted]	567/0
[redacted]	[redacted]	[redacted]	[redacted]	581/4
Jul	597/0	594/6	599/2	[redacted]
[redacted]	[redacted]	598/4	601/4	[redacted]
[redacted]	[redacted]	599/0	[redacted]	598/4
Nov	601/6	[redacted]	606/0	[redacted]
Jan	[redacted]	[redacted]	616/0	[redacted]

SOYABEAN OIL 60,000 [redacted]				
	[redacted]	[redacted]	High/Low	
Jan	20.39	[redacted]	20.48	20.30
Mar	[redacted]	20.73	[redacted]	20.60
May	21.09	[redacted]	[redacted]	[redacted]
Jul	21.37	21.44	[redacted]	[redacted]
[redacted]	21.31	21.40	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	21.30	21.45	21.47	[redacted]
Dec	21.36	21.55	21.60	[redacted]

SOYABEAN MEAL 100 tons; $/ton				
	Close	[redacted]	[redacted]	
[redacted]	165.3	162.8	165.5	[redacted]
[redacted]	169.9	167.7	170.1	[redacted]
May	173.8	172.1	174.5	[redacted]
[redacted]	177.9	176.4	[redacted]	176.7
Aug	179.2	177.7	[redacted]	178.6
[redacted]	179.5	178.5	180.5	179.6
[redacted]	179.0	178.5	[redacted]	179.0
Dec	[redacted]	181.0	182.0	180.9

MAIZE 5,000 bu min; [redacted] bushel				
	[redacted]	[redacted]	[redacted]	
[redacted]	232/2	[redacted]	[redacted]	231/6
May	240/0	239/2	240/4	239/2
Jul	246/2	245/2	246/6	
[redacted]	247/2	[redacted]	248/6	247/2
[redacted]	[redacted]	248/4	249/6	248/4
[redacted]	[redacted]	255/4	256/0	255/2
[redacted]	[redacted]	258/6	260/0	259/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	259/4	263/4	262/6	259/4
May	266/6	269/6	269/2	265/4
Jul	270/4	273/2	[redacted]	270/2
[redacted]	[redacted]	278/6	[redacted]	277/0
[redacted]	[redacted]	292/4	291/4	[redacted]
[redacted]	[redacted]	296/6	296/4	[redacted]

LIVE CATTLE 40,000 lbs; cen[redacted]				
	Close	Previous	High/Low	
Feb	[redacted]	77.07	77.70	76.95
Apr	76.35	[redacted]	76.50	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	73.17	72.96	73.25	[redacted]
[redacted]	73.05	72.85	73.40	72.90
[redacted]	73.55	73.25	73.75	73.45
Feb	73.25	73.25	0	0

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	48.55	48.07	48.62	48.00
Apr	46.47	46.15	46.55	45.90
Jun	51.32	50.87	51.40	50.75
Jul	[redacted]	51.00	51.25	50.80
Aug	[redacted]	49.25	49.20	48.75
Oct	[redacted]	44.80	44.65	44.35
[redacted]	[redacted]	44.90	45.00	44.80

PORK BELLIES [redacted] cents/lb				
	Close	Previous	High/Low	
Feb	82.90	81.12	83.00	80.77
Mar	82.02	80.62	82.10	80.00
May	82.65	81.60	82.70	81.10
Jul	82.65	81.67	82.70	81.15
Aug	80.25	80.00	80.80	88.75

LONDON STOCK EXCHANGE

Equities unnerved by Gulf anxieties

SPECULATION over possible developments in [redacted] Gulf held all the attention yesterday in a UK stock market now transfixed by the increasing evidence of recessionary pres[redacted] the UK economy. After [redacted] start, share prices staged [redacted] modest rally as the [redacted] offered to [redacted] Iraqi negotiators ahead of [redacted] January 15 UN deadline.

The chief surprise [redacted] sion [redacted] when [redacted] international newsagency reported stories in the French press that Iraq had [redacted] in [redacted] tiations to withdraw from Kuwait. However, the London stock market took these reports, which were later doubted by US sources, with a large pinch [redacted] salt.

Equities opened lower but [redacted] helped briefly by a strong performance from the UK bond market. Although bonds remained strong, equities [redacted] turned [redacted] again as [redacted] reports [redacted] disappointing Christ[redacted] business [redacted] retail trade backed up the latest warnings from City [redacted] analysts of [redacted] depth of [redacted] recession [redacted] acknowledged to be hanging [redacted] the UK.

Particularly unsettling [redacted] the equity market [redacted] the [redacted] from [redacted] commenta[redacted] ERM membership [redacted] reduced the [redacted] for a reduction in UK interest rates, a view which undermines optimism for the [redacted] outlook in equities.

Firmness [redacted] sterling, which stimulated the gains in gilt-edged stocks, [redacted] little help to the equity market, where hopes [redacted] an early cut in domestic interest [redacted] have [redacted] been shelved. Interest rate-orientated issues, including [redacted] and building issues, [redacted] lower again yesterday, [redacted] in light selling.

At worst, the market [redacted] down by [redacted] points [redacted] the FT-SE scale. The downturn also reflected [redacted] sell [redacted] by a leading London market-making firm focused on [redacted] oil share sector.

But the market's loss [redacted] swiftly halved when the agency reports from Paris prompted speculative buying [redacted] the FT-SE [redacted] contract, widening the premium on the [redacted] around 40 points. A sharp [redacted] in [redacted] crude [redacted] prices [redacted] the Paris reports was also encour[redacted] share prices.

Excitement soon [redacted], however, [redacted] traders took a more sceptical look at [redacted] French reports, and an EC spokesman said that the Community would insist in any negotiations on Iraq's [redacted] withdrawal from Kuwait.

By the close, the [redacted] Index had settled [redacted] 2,117.8 for a fall on the day of 10.5 points. Seaq trading [redacted] sharply from Wednesday's 234.1m shares to [redacted] yesterday, the highest figure recorded since the onset [redacted] the Christmas season.

However, yesterday's business [redacted] somewhat selective, with [redacted] trading [redacted] lifting turnover in BP [redacted] Shell, two of [redacted] market's large volume [redacted]. Business in many blue chip issues, such as [redacted] Bank, was unimpressive. Traders [redacted] that [redacted] notably higher [redacted] the [redacted] market.

"We [redacted] simply drifting while we [redacted] for the Gulf [redacted] (January 15)," [redacted] mented [redacted] trader. Many senior City professionals [redacted] extended the Christmas break until the weekend, [redacted] assumption [redacted] change in the investment [redacted] is likely [redacted].

The negative London mood was heightened by [redacted] early fall on Wall Street, which was showing a [redacted] 9 Dow points when London [redacted] trading for the day.

Account Dealing Dates		
*First Dealings:		
Dec 10	Dec [redacted]	Jan 14
[redacted] Declarations:		
Dec 27	Jan 10	Jan 24
Last Dealings:		
Dec [redacted]	Jan 11	Jan 25
Account Day:		
Jan 7	Jan 21	[redacted]

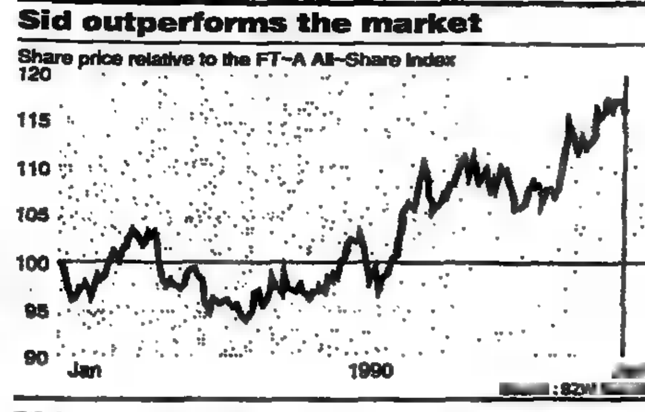
*New-time dealings may take place from 8.30 am two business days earlier.

RTZ hit by profits downgrade

INTERNATIONAL mining [redacted] industrial major RTZ was yet another leading UK group to feel the market effects of a profits downgrade. The slide [redacted] the [redacted] occurred as equities [redacted] showing sensitivity [redacted] further bearish views [redacted] economy, low business volumes and the rebound [redacted] sterling exchange rate. The upshot [redacted] closing loss [redacted] 18 at [redacted] RTZ, [redacted] which [redacted] sentiment in [redacted] Australian [redacted] CRA, [redacted] 367p.

Underperformance [redacted] likely because of expectations [redacted] lower [redacted] prices this [redacted], according [redacted] Mr Euan Worthington, mining [redacted] S.G. Warburg. He [redacted] currency translations, [redacted] sion in the UK and the possibility [redacted] than expected iron [redacted] prices [redacted] impact adversely.

Warburg's new [redacted] for 1991 profits is £450m, down from £505m, with [redacted] per share [redacted] from 50.9p. But for the year just ended, Mr Worthington [redacted] merely [redacted] tuned from [redacted] to [redacted]. With overseas associates [redacted] Algom [redacted] make trading statements before RTZ, which reports annual [redacted] in March, there could be [redacted] downgrades, he [redacted].



Sid outperforms the market

[redacted] investor [redacted] UK privatisation [redacted] (christened [redacted] government promotional advertising for [redacted] British [redacted] issue) [redacted] comfortably outpaced [redacted] overall UK equity market [redacted] mid-1990. [redacted] portfolio, comprising British Telecom, [redacted] Gas, the [redacted] Package [redacted] the Electricity Package, consoli[redacted] position during [redacted] the new electricity [redacted] came on [redacted] and [redacted] privatised [redacted] as attractive defensive stocks in a time of economic recession.

[redacted] and [redacted] "last-chance" meeting of top US-Iraqi [redacted] try [redacted] pre[redacted] in [redacted] Gulf.

BP [redacted] 7 [redacted] on [redacted] shares, [redacted] dipped 8 [redacted] on 6.1m, [redacted] 371p [redacted] Enterprise [redacted] to [redacted] on 1.1m.

Oils active

A burst [redacted] activity in the recently subdued oil sector was said by specialists to ha[redacted] resented a substantial disposal of oil shares by a [redacted] large institution thought to have been overweight in oil [redacted].

The sell progr[redacted] made up of large blocks of BP, Shell, Enterprise Oil and Lasmo, was believed to have been conducted by Smith New Court, and worth some £40m. Smith acknowledged it [redacted] traded substantial amounts [redacted] oil shares, but declined to [redacted] ment further.

The Seaq ticker provided evidence of large deals later in the session. Blocks of all four oil shares were recorded on the screens, including 4.2m Shell, 4.1m BP, 1.9m Lasmo and 470,000 Enterprise.

The programme trade activity did minimal damage to the sector, which was additionally unsettled by the decline in crude oil prices. This followed reports [redacted] a possible Iraqi with[redacted]

RMC depressed

Profits downgrades [redacted] RMC, [redacted] building materials group, by BZW [redacted] broking houses depressed [redacted] shares [redacted] led [redacted] sympathetic [redacted] other building-related stocks.

BZW's [redacted] Stockdale, [redacted] weakening markets in [redacted] US and France and [redacted] effect of high [redacted] in the UK, lowered his forecast for 1991 from £218m to £205m. "[redacted] fully valued in the [redacted] on 13.5 times earnings," [redacted] the BZW analyst.

Other building area special[redacted] said the hefty falls in [redacted] sector might [redacted] been overdone. "Marketmakers cut [redacted] prices across [redacted] board [redacted] RMC gave [redacted] was very little activity thereafter," said one.

Leading building issues to [redacted] ground [redacted] Tarmac, [redacted] fell [redacted] 235p, [redacted] Taylor Woodrow, off 7 [redacted] 208p. A profits downgrade of Ibstock Johnsen by Smith [redacted] Court lowered the [redacted] 4 [redacted] and impacted on Steetley, [redacted] 9 down at [redacted].

The [redacted] reports of Christ[redacted] trading from [redacted] stores [redacted] more encouraging than [redacted] market [redacted] expected and [redacted] sector. [redacted] had disappointed [redacted] previous [redacted] sion after it said December trading [redacted] been considerably below target, but yesterday the [redacted] 312p.

However, [redacted] said [redacted] had [redacted] in line with [redacted] previous year; Rat[redacted] said Christmas [redacted] satisfactory; and Argos [redacted] two weeks before Christmas [redacted] very encouraging. Storehouse ended [redacted] lower [redacted] 110p, [redacted] up 7 [redacted] 165p [redacted] Argos shed [redacted] penny to 242p.

With sales below target, however, analysts lowered their current year profit forecasts [redacted] Storehouse to £25m from [redacted] and for Ratners to £115m [redacted] £125m.

W.H. [redacted] "A" [redacted] 3 [redacted] brokers began [redacted] sider shaving their interim [redacted] by [redacted] current £36m to £37m. Smith reports at the end of January and [redacted] therefore not commenting on [redacted] trading.

Fisons recovered from recent weakness which reflected disappointment that the company's asthma treatment Tilade had not received final approval from the US Food and Drugs Administration on December 31. [redacted] Ian Moore [redacted] & Drew said the arrival of a [redacted] chief [redacted] FDA's chemistry section [redacted] that approval [redacted] likely to be delayed by a [redacted] weeks, [redacted] would not make much difference [redacted] the profitability [redacted] the drug. The key was to get approval [redacted] for the [redacted] increase in [redacted] in March, [redacted] firmed 2 to 369p.

Reports that UK new car sales in [redacted] 15 [redacted] on [redacted] total for [redacted] hurt many [redacted] component manufacturers. The figures implied job [redacted] may be necessary [redacted] industry this year, which sources believe could be even worse [redacted] of high [redacted] and the current recessionary climate.

The brunt of [redacted] were borne by Lucas Industries, down [redacted] 138p, [redacted] Group, which lost 7½ to 187½p. [redacted] slipped 3 to 324p. Glynwed International, exposed [redacted] construction as [redacted] to [redacted] motor industry, gave [redacted] 208p.

The bearishness sweeping the construction sector yesterday [redacted] easier [redacted] in [redacted] constituents Trafalgar [redacted] down [redacted] 195p after 191p, [redacted] Pilkington, [redacted] further 2 off [redacted] 174p.

Other losers [redacted] recent good performers such [redacted] Lon[redacted] (LIG). Unnoticed by many, [redacted] dealer, the shares got ahead of [redacted] attained [redacted] 1990/91 high point earlier [redacted] week. However, when sellers appeared yesterday the price retreated quickly [redacted] close 7 lower at 250p.

The early morning announcement [redacted] Sun [redacted] ance that it had cut its life bonus rate was said by one dealer in insurances to have prompted another sharp marking down of both the [redacted] composite sectors. But the composites, badly mauled recently by heavy profits downgrades triggered by [redacted] subsidence claims [redacted] recently a warning from Guardian Royal, staged a [redacted] run later [redacted] session and closed with good gains on the day.

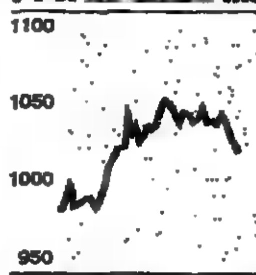
The [redacted] rally was attributed to General Accident [redacted] ing its bonus rates and a feeling that [redacted] recent selling [redacted] been overdone.

General Accident celebrated with a rise of 11 to 469p, while Guardian Royal moved [redacted] 187p on good turnover of [redacted] and Commercial [redacted] 7 to 455p. Sun [redacted] improved 4 [redacted] 330p.

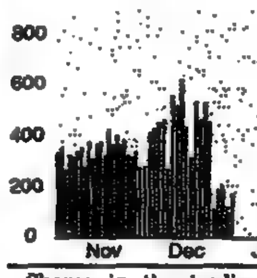
[redacted] buying [redacted] the [redacted] session pulled Grand Metropolitan [redacted] from early weakness. The shares ended a [redacted] better [redacted] the day at 667p, having bottomed [redacted] 661p.

Unigate eased a penny to 267p after [redacted] Govett lowered its current [redacted] by £3m to £87m due to tough trading in [redacted].

There were suggestions [redacted] switching [redacted] up 5 [redacted] 340p. [redacted] dipped a further 5 to 272p [redacted] wake [redacted] Hoare Govett's [redacted] in its current year profits [redacted] £45m.



FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover

Shares in the leading software houses [redacted] given [redacted] rough ride in the market after news of the job losses [redacted] its [redacted] operation announced by Logica. "The software [redacted] having a ghastly [redacted] of [redacted] and [redacted] situation [redacted] lot worse [redacted] Logica's profits warning in November," [redacted] a software specialist, [redacted] that although [redacted] remained underlying demand for soft[redacted] products the placing [redacted] the orders [redacted] being delayed. Logica [redacted] 7 [redacted] 160p [redacted] also lost 7 [redacted] 485p.

Unitech, [redacted] hard recently by profits downgrades, suffered another reversal, closing [redacted] at 160p.

The second [redacted] performer of the day among FT-SE 100 stocks was Hammerson. [redacted] 10 [redacted] on [redacted] talk [redacted] Hong Kong Land might [redacted] bid. Turnover, however, was low. [redacted] "If anyone [redacted] Hong Kong Land story, there would [redacted] than 41,000 Hammerson traded."

Frogmore Estates, [redacted] property investment [redacted] trading group, fell 12 [redacted] after [redacted] traders [redacted] as [redacted] badly handled sell order. The stock had been strong since late October, although traders suggested that yesterday's drop [redacted] also prompted by uncertainty over the [redacted] 27 per [redacted] company.

Markheath, which reveals [redacted] on January 11, is 52 per [redacted] owned by an Australian conglomerate Adelaide Steamship, and analysts [redacted] might be able to cuts [redacted] by selling the shareholding in Frogmore.

■ Other Market statistics, including the FT-Actuaries share index, Page 18

FINANCIAL TIMES STOCK INDICES

	Jan 3	Jan [redacted]	Dec [redacted]	Dec [redacted]	Dec 27	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation [redacted]
Government Secs	[redacted]	82.17	82.03	82.11	[redacted]	[redacted]	84.20 [redacted]	74.13 [redacted]	127.4 [redacted]	49.18 (3/1/75)
Fixed Interest	90.81	[redacted]	[redacted]	90.62	90.69	[redacted]	92.91 [redacted]	83.80 [redacted]	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1687.8	[redacted]	1968.3 [redacted]	1510.4 [redacted]	2008.6 (5/9/89)	[redacted]
Gold [redacted]	155.5	156.9	154.6	150.0	149.9	308.9	378.5 [redacted]	136.2 [redacted]	734.7 [redacted]	[redacted]
FT-SE 100 Share	2117.8	[redacted]	[redacted]	2160.4	[redacted]	[redacted]	[redacted]	[redacted]	2463.7 [redacted]	986.9 (23/7/84)
FT-SE [redacted] 100	[redacted]	931.10	[redacted]	[redacted]	[redacted]	-	1003.35 [redacted]	931.10 (2/1/91)	1003.35 [redacted]	[redacted]
Ord. Div Yield	5.81	[redacted]	5.73	5.70	5.68	[redacted]				
Earning [redacted] %(full)	12.11	12.05	11.96	[redacted]	11.87	10.60				
P/E Ratio(Net)(☆)	[redacted]	[redacted]	10.10	10.16	10.18	11.42				
[redacted] Bargns 4.45pm	[redacted]	[redacted]	15,018	[redacted]	[redacted]	[redacted]				
Equity Turnover(£m)†	-	379.66	[redacted]	361.78	[redacted]	1046.63				
Equity Bargains†	-	[redacted]	[redacted]	34,084	[redacted]	[redacted]				
[redacted] (ml)†	-	193.9	120.6	207.9	196.9	[redacted]				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 [redacted] FT-SE Eurotrack 100 31/8/90. ☆ [redacted] 9.81 [redacted]-indicative.

Ordinary [redacted] Hourly changes — Day's High 1652.6 — Day's Low [redacted]

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1649.4	1651.6	1643.6	1643.1	1635.[illegible]	1644.4	1647.5	1648.0	1649.0

FT-SE, Hourly changes — Day's High 2124.4 — Day's Low 2106.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2121.1	2123.4	2115.1	2114.7	2106.5	2114.7	2118.8	2118.2	2118.0

FT-SE Eurotrack 1[redacted] — Day's High 939.54 — Day's [redacted]

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
931.34	931.07	932.28	933.18	934.17	936.70	938.85

GILT EDGED ACTIVITY

Indices*	Jan 2	Dec 31
Gilt Edged Bargains	58.1	27.6
5-Day [redacted]	[redacted]	[redacted]

*SE Activity [redacted]
†Excluding intra-market [redacted] & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ABT	743	[redacted]	-3
ASDA Group	1,600	135	-1
Abbey National	970	227	-2
Allied-Lyons	2,300	484	+1
Amstrad	1,600	62	
Anglian Water	[illegible]	385	
Argos	382	242	-1
Argyll Group	1,000	245	+2
Ass. Brit Foods	[illegible]	434	+6
BAA	926	403	-7
BAT Inds	549	579	+3
BET	2,000	170	+2
BICC	327	320	+4
BOC	511	480	
BPB Inds	1,000	176	
BTR	1,700	316	-3
Bank of Scotland	387	116	+1
Barclays	1,100	350	-2
Bass	1,100	1034	-10
Beazer	1,500	100	+1
Berisford Int.	3,500	[illegible]	+2
Blue Circle	764	226	-1
Boots	2,500	312	+4
Brit Aerospace	883	406	+2
British Airways	2,900	140	
British Gas	3,300	225	-1½
British Land	587	258	-4
BP	6,500	320	-7
British Steel	3,500	118½	
British Telecom	3,600	281½	+1½
Bunzl	2,500	87	
Burmah Castrol	353	[redacted]	-2
Burton	1,100	73	-1
Cable & Wire	1,000	449	+3
Cadburys	453	317	-2
Calor Group	210	241	-1
Carlton Comms.	1,300	380	-6
Coats Viyella	645	103	-1
Comm Union	647	[redacted]	+7
Cookson	1,900	103	-2
Courtaulds	480	[redacted]	-4
Dalgety	408	[redacted]	-7
Dixons	4,500	[redacted]	+1
ECC Group	535	[redacted]	-7
Eastern Elect.	3,500	140	
East Midland Elect.	1,000	[redacted]	-5
Enterprise Oil	1,100	[redacted]	-10
Eurotunnel Units	292	[redacted]	-2
FKI	158	48	
Ferranti	1,700	14½	+½
Fisons	1,800	[redacted]	+2
Gen. Accident	778	[redacted]	+11
General Elect.	2,800		
Glaxo	1,400	825	-14
Glynwed Int.	299	208	-6
Granada	894	[redacted]	-5
Grand Met.	2,700	[redacted]	+1
GUS A	38	1080	+5
GRE	2,400	187	+5
GKN	857	[redacted]	-3
Guinness	811	748	-3
Hammerson 'A'	41	803	+10
Hanson	2,900	[redacted]	-1½
Hanson Warrants	[redacted]		
Harrisons Crosfield	[illegible]	[redacted]	-2
Hawker Sidd	[redacted]	486	+4
Hillsdown	[redacted]	241	-1
IMI	[redacted]	200	-2
ICI	[illegible]	854	-4
Inchcape	48	321	
Kingfisher	2,700	387	+1
Ladbroke	[redacted]	[redacted]	-2
Land Securities	322	522	-1
Laporte	89	474	+1
Legal & General	[illegible]	[redacted]	-8
[redacted] Abbey	[redacted]	[redacted]	-1
Lloyds Bank	[redacted]	[redacted]	+5
LASMO	[redacted]	[redacted]	-8
[redacted] Elect.	3,400	[redacted]	-8
[redacted]	[redacted]	[redacted]	-4
[redacted]	1,600	135	-8
[redacted] Caradon	804	154	-4
MEPC	[redacted]	[redacted]	+1
[redacted]	140	84	-1
Manweb	3,100	180	+1
Marks & Spencer	3,400	223	+3
Maxwell Comms	[redacted]	[redacted]	-2
Midland Bank	[redacted]	[redacted]	-1
Midlands Elect.	[illegible]	138½	+1½
NatWest Bank	[redacted]	286	+1
Next	9,000	[redacted]	
North West Water	[redacted]		
Northern Elect.	1,760	147	
Northern Foods	382	340	+5
Northumbrian Water	20	275	-1
Norweb	2,500	[redacted]	-1
Pearson	246	[redacted]	
P & O	813	[redacted]	-8
Pilkington	1,600	174	-2
Prudential	4,600	189	-6
RHM	874	295	
RMC	525	633	-20
RTZ	2,800	430	-18
Racal	1,500	170	
Racal Telecom	680	282	-3
Rank Org.	725	[redacted]	-11
Reckitt & Colman	92	1290	
Redland	877	555	-10
Reed Intl.	[redacted]	[redacted]	+1
[redacted] Elect. Pkg Us	[redacted]	[redacted]	-5
Rolls-Royce	1,900	157	-1
Rothmans	293	737	-10
[redacted]	736	[redacted]	+1
Royal Insurance	221	364	+4
STC	8	324	
[redacted]	216	35	+1
[redacted]	1,100	308	+1
[redacted] New	308	[redacted]	+1
Sears	2,100	86	+1
Sedgwick	215	238	-2
[redacted]	1,500	142	-2
[redacted] Water	2,100	242	+1
[redacted]	6,100	453	-8
[redacted]	1,500	334	-8
Slough Ests	289	237	
Smith (W.H.) A	433	372	-3
[redacted]	1,400	102½	-1½
[redacted]	1,800	617	-12
SmKl Beecham Uts.	140	2708	-27
Smiths Inds.	140	222	-1
Southern Elect.	[redacted]		
South [redacted] Elect.	[redacted]	160	-5
[illegible]	[illegible]	[illegible]	[illegible]

[redacted] on [redacted] the [redacted] until [redacted]

LONDON SHARE SERVICE

BRITISH FUNDS

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

1990/91 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
Index-Linked						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INT. BANK AND O'SEAS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1990/91 High	Low	Stock	Price	+ or -	Div Gross	C'vr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Contd

1990/91 High	Low	Stock	Price	+ or -	Div Gross	C'vr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1990/91 High	Low	Stock	Price	+ or -	Div Gross	C'vr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued [redacted] page

NEW HIGHS AND LOWS FOR 1990/91

NEW [redacted] (15).
BRITISH FUNDS (1) BREWERS (1) STORES (1) ELECTRICALS (1) FOODS (1) LEISURE (1) TRUSTS (8).
NEW LOWS (121).
AMERICANS (2) CANADIANS (2) BANKS (4) BREWERS (1) BUILDINGS (8) STORES (3) ELECTRICALS (9) ENGINEERING (4) FOODS (1) HOTELS (2) INDUSTRIALS (16) B. H. Prop., Daimler Benz, Dyson (J. & J.), [redacted] Forwell, [redacted] Warrants, [redacted] Group, Kelsey Inds., Marling Inds., [redacted] Duffryn, RPS, [redacted] & [redacted] Furniture, Stonehill, Whitecroft, INSURANCE (2) LEISURE (4) MOTORS (1) NEWSPAPERS (2) PAPERS (3) PROPERTY (2) TEXTILES (1) TRANSPORT (2) TRUSTS (37) OILS (8) OVERSEAS TRADERS (1) MINES (2).

APPOINTMENTS

Directors of Dobson Park

■ Mr Brian Kennedy and Dr H. Drummond Murdoch have been appointed directors of DOBSON PARK INDUSTRIES. Mr Kennedy is executive chairman of the mining division, and Dr Murdoch is executive chairman of the industrial electronics division. Mr P. Britton, formerly executive chairman of the mining equipment division, has resigned to pursue private business interests.

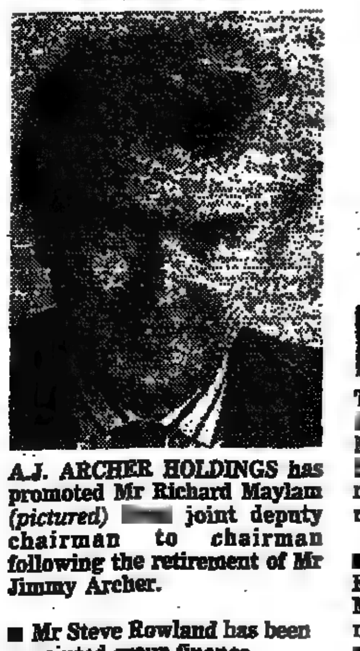
Secretary of Pearson

■ [redacted] Gerald A.S. Collett has been appointed company secretary of PEARSON, parent company of Financial Times. He succeeds Mr E.P. Emmerson, who has retired.

■ Mr C.C. Procter, chief representative in Europe of the RESERVE BANK OF AUSTRALIA, is returning to Australia and will be succeeded by Dr J.F. Laker, formerly chief manager of the bank's international department.

■ Mr Alan Cole, who was appointed managing director of TRANSPORT DEVELOPMENT on June 1, 1990, [redacted] additionally been appointed [redacted] executive. Sir [redacted] Duncan continues as chairman. Mr John Kinley [redacted] been appointed secretary [redacted] the company, succeeding Mr R.D. Garwood who is retiring.

■ Mr Tim Ware has been appointed secretary of COOKSON GROUP following the retirement of Mr Tom Waller who will still be available [redacted] the completion [redacted] certain special projects.



A.J. ARCHER HOLDINGS has promoted Mr Richard Maylam *(pictured)* [redacted] joint deputy chairman to chairman following the retirement of Mr Jimmy Archer.

■ Mr Steve Rowland has been appointed group finance director of LILLESHALL, Newbury. He has [redacted] financial controller since [redacted] Mr Ian Fenwick has [redacted] appointed managing director of Ideal Williams, a window fabricating subsidiary. He [redacted] deputy managing director, and [redacted] Mr [redacted] who becomes chairman. [redacted] Hitchcock will also be appointed chairman of the other subsidiaries in the [redacted]ring [redacted] building products division, of which he [redacted] managing director.

The UK division [redacted] IRISH LIFE [redacted] appointed Mr Dave Fagan [redacted] the [redacted] post of assistant general manager, marketing. He [redacted] marketing [redacted].

■ SPIRAX-SARCO ENGINEERING [redacted] appointed Mr Bob Dodsworth [redacted] a non-executive director. [redacted] is [redacted] chief executive of [redacted].

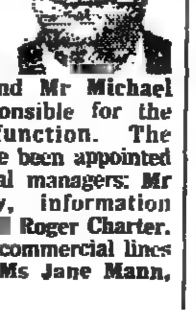
■ Mr Claude Welsch of Groupe Segin [redacted] appointed [redacted] non-executive director of [redacted] COMPUTING. Groupe Segin holds [redacted] 20% interest.

■ [redacted] Duggan has been appointed chief executive of TRADE INDEMNITY GROUP, and chairman of Trade Indemnity. [redacted] succeeds [redacted] Phillips who has retired, and becomes non-executive deputy chairman of Trade Indemnity Group.

■ SHEAFBANK PROPERTY TRUST has appointed Mr John [redacted] Gradel as a director.

Senior changes [redacted] St Paul (UK)

■ St PAUL (UK) has appointed Mr [redacted] Larwood *(pictured)* [redacted] executive director and general manager, accounting and secretarial. The following have also been appointed general managers: Mr Bruce Gordon, at subsidiary [redacted] Katherine Insurance Company; and Mr Michael Wacek, responsible for the actuarial function. The following have been appointed deputy general managers: Mr Dave Geary, information technology; [redacted] Roger Charter, personal and commercial lines claims; and Ms Jane Mann, personnel.



LONDON SHARE SERVICE

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro F15	£9¾		Q28%	2.1	8.7	5.4
303	128	ANZ SA1	128	−3	Q38c	♦	11.5	♦
234	172	Abbey National 10p	227	−2	5.7	4.3	3.3	9.2
°274	128	Allied Irish Ord	134	−6	†Q40%	3.3	6.7	6.1
85	47	Anglo Irish	57		Q18.6%	2.3	7.3	7.5
93	60	Ansbacher (H.) 1p	60		2.5	1.3	5.6	17.3
£71⅛	£32⅞	Bancaire Cie Fr100	£45	+1¼	Q12¼%	−	2.9	−
£22¼	£12⅞	Banco Bilbao Viz.	£12⅞	−⅛	Q49.1%	2.7	6.2	8.8
£58⅞	£23¼	Banco de Santander	£23⅛	−⅛	Q24.7%	2.5	4.2	9.5
286	130	Bank Ireland Ir£1	144	−8	Q14.7%	2.9	9.1	5.1
£19½	£18	Bank Leumi	£19½			−	−	−
351	320	Bank Leumi (U.K.)	350		†15.0	−	5.7	−
129½	100	Bank Scotland	118	+1	†4.55	3.4	5.1	[illegible]5
101¼	83¾	Do. 9¼pc Irrd Pf.	97¾	+1½	9¼%	−	12.6	−
54	39	Bank of Wales	42		2.8	0.8	8.9	20.2
428	290	Barclays £1	350	−2	†h19.57	3.5	7.5	4.9
22	10	Benchmark 20p	10	−2	0.75	−	10.0	−
335	205	Brown Shipley £1	205		‡12.0	2.2	‡	6.6
°435	285	Cater Allen £1	389		F24.5	−	8.4	−
179	29	Chancery	44		†9.0	2.7	‡	1.8
£23¼	£14	Commerzbk DM10	£15½	−⅛	Q18%	−	4.0	−
£13⅛	620	Dai Ichi KB[illegible]	750		Q17%	6.2	0.5	35.4
£313	£189¼	Deutsche Bk DM50	£206⅜		Q28%	−	2.3	−
£20⅞	£14⅝	Espirito Santo	£16¼		Q75c	5.1	2.3	8.4
253	166	First Nat. Fin. 10p	181	+1	13.0	♦	10.0	♦
121	82	FNFC 6.3pc Cv Pf.	86	−2	6.3%	−	9.8	−
£13⅛	633	Fuji Bank Y50	940	+1	†Q17%	6.9	0.4	40.0
325	262	Gerrard & National	315	−1	19.0	−	8.0	−
154	73	Guinness Mahon 10p	74	−2	1.45	♦	2.6	♦
328	194	Hambros 20p	233	−1	†11.5	−	6.6	−
128	88	Do. 7.5pc Cv Pf.	99		7½%	−	10.1	−
53½	29	HK & Shang. HK$2.50	38½		th038c	−	8.4	−
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscl.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES — Contd

Components

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453		3.5	10.8	1.0	12.0
225	135	Airflow Streamlines	140		6.0	3.0	5.7	7.8
190	145	Bostrom 5p	147		†5.75	3.1	5.2	6.7
266	160	Dowty 50p	164	-2	†9.0	2.1	7.5	7.7
239	110	FR Group	115		6.37	3.1	7.4	5.9
135	55	Kwik-Fit Hldgs. 10p	75	-1	12.4	2.3	4.3	13.9
174	102	Lucas Inds.	138	-5	7.0	2.5	6.8	6.8
44	14	Do. Warrants	22½		—	—	—	—
80	55	Mid-States 10p	55		s20.75	—	1.8	[illegible]

Garages and Distributors

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
28	15	Alexanders 10p	15		1.0	3.0	8.9	[illegible]
139	78	Appleyard 10p	84		†7.8	2.4	12.4	[illegible]
110	55	Bletchley Motor 20p	65		†7.5	1.9	15.4	[illegible]
568	398	Caffyns 50p	400		11.5	1.0	3.8	36.5
121	89	Central Motor Auctns.	89	-2	†3.25	3.2	4.9	[illegible]
61	23	Cook (D.C.) Hldgs	23		1.0	5.3	5.8	[illegible]
85	33	Cowie (T.) 5p	45	-1	4.2	1.5	12.4	[illegible]
95	56	Dagenham Motors 10p	78		†5.25	2.8	9.0	5.4
98	73	Davenport Vernon 10p	75		3.5	3.6	6.2	5.2
247	163	Evans Halshaw	168		11.25	2.4	9.9	6.1

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY — Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST — Contd

INVESTMENT TRUST — Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES — Contd

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

December 1990

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FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng:031-220

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	75 64	75 64	80.29	+0 26	[illegible]
Income & Growth	5¼	51.52	51.52	54 69	-1.37	[illegible]
[illegible]	5¼	48 49	48.49	51.47	-0.88	1.14
[illegible]	5¼	29 86	29.86	31 69	-0.35	1 65
[illegible]	5¼	49 63	50 69	53.81	-0 2	0.94
UK [illegible]	5¼	46.00	46.00	48.83	+0.35	3.54
Int'l [illegible]	5¼	40.71	41.29xd	43 78	-0.47	7.42
High [illegible]	5¼	39 51	40.11xd	42.57	-0.25	8.64
Charities [illegible]	5¼	79.16	80 37	85.31	-0.38	7 17
Japan	5¼	32 74	32 74	34.75	+0.36	–

Matheson Unit Trust Managers Ltd (1200)H
Admin 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth (4-1)	6	57.32	58 [illegible]	62.18	-1.18	3 97
UK High Income	6	30 06	30 [illegible]	32.36	-0.[illegible]	6.24

MM Unit Trust Mngrs (1200)H
The Bitton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	25.00	25 09xd	26.76	-0.22	1.91
(Accum Units) ♥	5¼	26.76	26.85	28.64	-0.23	1.91
Australian ♥	5¼	133.90	134.60	144.40	-1.20	2.48
(Accum Units) ♥	5¼	152.40	153.30	164.40	-1.39	2.48
Conscience	5¼	41.89	42.79xd	45.66	-0.32	1.71
(Accum Units)	5¼	–	44.80	47.89	-0.34	1.70
European	5¼	126.00	127.50	135.90	-0.80	1.15
(Accum Units)	5¼	133.00	134.50	143.40	-0.90	1.15
Extra Income	5¼	56.21	57.18	61.02	-0.32	10 01
(Accum Units)	5¼	75.36	76.66	81.81	-0.42	10 01
Far East Gth Acc ♥	5¼	90.72	92.01	98.35	-0.09	2.32
Gilt & F.I	5¼	50.98	50.98	53.95	+0.03	9.29
(Accum Units)	5¼	103.70	103.70	109.70	+0.40	9.29

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: *Charge made on sale of* units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The *price at which units are bought by investors.*

BID PRICE: Also called redemption price. The *price at which units are sold back by investors.*

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit *trust managers quote a much narrower spread. As a* result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. *The symbols are as follows:* (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before *prices become available.*

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being *carried out. The prices appearing in the newspaper* are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

TSB Unit Trusts (1200)H
Charlton Pl, Andover, Hants, SP10 1RE 0264 346794

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	104 97	105.68	112.42	-1.99	0.78
Do Accum	6	114 74	115 52	122.89	-2.17	0.78
TSB Brit Growth	6	62 64	63 64	67.7	-0.7	4 0
Do Accum	6	69.26	70.36	74 85	-0.78	4 0
TSB European	6	63.34	63 34	67.38	-1.07	1.33
[illegible]	6	65.64	65 64	69 82	-1.12	1.33
[illegible] Income	6	137.35	140.68	149 65	-1.12	6 16
[illegible]	6	194 23	198.97	211 66	-1.28	6.16
[illegible] ler Cos	6	37 63	39.42	41.93	-0.08	3.32
[illegible]	6	39 46	41 34	43.97	-0.08	3.32
[illegible] al	6	192.2	193.93	206.3	-4 04	4 33
[illegible]	6	352 36	355 92	378.61	-7.4	4 33
[illegible] er Income	5	41.31	41.93	43 97	-0.05	9 72
[illegible]	5	72.64	73 72	76.79	-0.09	9.72
[illegible] ne	6	252.69	258.14xd	274 61	-3.33	6.08
[illegible]	6	469.74	479 88xd	510.5	-6.2	6.08
[illegible]	6	185.04	188 48	200.51	-1 3	0 55
[illegible]	6	192.53	196 12	208.63	-1.36	0.55
[illegible] national	6	319 19	322 08	342 63	-2.98	1.69
Do [illegible]	6	409 42	413 13	439 49	-3.82	1.69
TSB [illegible] Resources	6	54 15	55 37	58 9	-0 6	1.48
Do Accum	6	58.75	60.06	63.89	-0.7	1.48
TSB Stcld Opps	6	67.25	68.97	73.37	-0.77	3 97
Do Accum	6	80.26	82.32	87.57	-0.92	3.97
Environmental Inv.	6	39 36	40 1	42.65	-0.36	2.65
Do Accum	6	40.26	41.02	43 63	-0.36	2 65
TSB Selector	6	40.93	41.75	44 41	-0.48	4 77
Do Accum	6	42.18	43.02	45.76	-0.49	4 77
TSB High Income	6	43.51	44 11	46 92	-0.17	6.71
Do Accum	6	44.8	45 42	48.31	-0.17	6.71
TSB Intl Income	6	47.01	47.17	50 18	-0.14	7 07
Do Accum	6	47.01	47.17	50.18	-0.14	7.07
TSB Selector Income	6	44.24	44.79	47 64	-0.29	6 93
Do Accum	6	44.24	44.79	47.64	-0.29	6 93

Target Trust Mngrs Ltd (1600)F
Target Hse, Gatehouse Rd, Aylesbury, Bucks.
Admin: 0296 394000 Dealing: 0296 312184

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Eagle	5	[illegible]	59 92xd	63 95	-0.78	1 20
Australia	5	[illegible]	5 124	5 484	-0.08	4.86
Equity	5	[illegible]	[illegible]	148.7	-0.7	5.17
Euro Spec Sits	5	[illegible]	[illegible]	99 74	-0.36	0 69
Financial	5	[illegible]	[illegible]	26.66	-0.18	5 60
Global Opps Inc	5	[illegible]	[illegible]	59.35	-0.23	1.80
Global Opps Acc	5	[illegible]	[illegible]	60 64	-0.23	1 80
Gold & Gen Inc	5	[illegible]	[illegible]	37 53	-0.47	1.47
Gold & Gen Acc	5	[illegible]	[illegible]	70 17	-0.88	1.47
Income	5	[illegible]	[illegible]	[illegible]	-0 47	6 81
Japan & General	5	[illegible]	[illegible]	[illegible]	+0.9	0 00
Preference Share	5	[illegible]	[illegible]	[illegible]	+0 03	14 47
UK Capital	5	[illegible]	[illegible]	82.59	-0.51	4 23

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gr's
CharBond	98 1	[illegible]	+0 2	11 01
(Accum Units)	320 3	[illegible]	+1.3	11.01
NAAGIF Dec 31	-		..	10 24

MIM Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Mngd P'Follo.	962 0	1039 0	...	-
Mngd Pens (Acc)	57 6	61 4	...	-

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gr's
UK Equity † Dec 31	111 [illegible]	[illegible]	...	[illegible]
UK Small Co † Dec 31	423	[illegible]	...	[illegible]
Fixed Interest † Dec 31	100	[illegible]	...	[illegible]
US Small Co Dec 31	105	[illegible]	...	[illegible]
Managed Dec 31	95 3	[illegible]	...	[illegible]
Intl Bond Dec 31	106 [illegible]	112.7	...	[illegible]
Japan Dec 31	60 68	64 85	-	[illegible]
European Dec 31	76.74	82 15	-	[illegible]
Nth American Dec 31	80.55	86 44	-	[illegible]

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Expt Jan 3	40.1	41.7	-1.10	2.42
Euro Expt Jan 3	45.5	47.7	-0 70	2.69
Fixed Int Ex Jan 3	43.7	44 8xd		11.45
Japan Expt Jan 3	37 8	39 4xd	-0 80	0 72
Managed Ex Jan 3	38.4	39.9	-0.30	5 07
SE Asia Expt Jan 3	54 8	57.5	-1 90	7.04
Sm Cos Expt Jan 3	27.5	28 8	-1.00	5 90
UK Eqty Ex Jan 3	35 9	37.4	-0 70	4 64

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gr's
Small Co's Jan 1	589 63	631.9	-2.7	5.97
Do Accum	662 4	709 8	+4 0	5 97
Int Expt Jan 2	144 60	146.20	-2.79	3.0
UK Index Jan 2	990 8	1012xd	-7	5 76
Do Accum	1059	1080	+4	5 76
Convertible Dec 28	80 58	83.2x		9.2
World ex UK Index Jan 2	647 10	655 7	..	2.97
Do Accum	653 46	662 15	...	2 97
Japan Index Jan 2	509 8	517.30	..	0.57
Do Accum	510 8	518.2	...	0.57
USA Index Jan 2	775.3	780.5	...	3.43
Do Accum	786 2	791.4	...	3.43
Europe ex UK Index Jan 2	767.5	786 6	...	3.06
Do Accum	779.4	798.7	...	3 06
Pacific ex Jap Index Jan 2	713 4	734 0	...	5 8
Do Accum	726 9	747.8	...	5.7
Managed Exempt Jan 2	89.95	91 65	-0.59	5.27

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

December 1990

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FT MANAGED FUNDS SERVICE

N & P Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Prosperity Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd—Contd.

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Sun Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AEtna Intl Assurance (Bermuda) Ltd

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star Intl Financial Services

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finexco International Ltd

Hansard International Ltd.

Isle of Man Assurance Ltd

NEL Britannia International Ltd

NM Life Assurance Int Ltd

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

MANAGEMENT SERVICES

David M. Aaron (Personal Fin. Plan.) Ltd

The Analysis Group PLC

Bryan Walls & Partners Ltd

Cameron Law & Company Ltd

James Campbell & Son Financial Services

Chase de Vere PLC

Drummond Moore Plc

ECU Futures Plc

Edinburgh Money Management Ltd

Fairmount Glen Rels Ltd

Gartmore Fund Managers Ltd

Hambros Financial Services (Pty) Ltd

I.P.S. Lamont plc

Johnson Fry Financial Services Ltd

Knight Williams & Company Ltd

Macartney & Dowie F.S. Ltd

Northern Rings & Partners

PBR Fund Management Ltd

Pendleton May Financial Services Ltd

Roxburgh Financial Management Ltd

Rutland Int Bkg & Inv Co

Sharp (Albert E) & Co.

Sitala Fund Managers Limited

South Yorks Investment Management

Tattersall Investment Mngt. Ltd

Torry Law & Co

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Orion Fund Limited

CANADA (SIB RECOGNISED)

Ivory & Sime Pembroke Inc

GUERNSEY (SIB RECOGNISED)

Adams & Neville Fd Mangt (Guernsey) Ltd

BBV-Hambros Asset Mngmt (Guernsey) Ltd

Baring Intl Fd Managers

Guinness Flight Fd Mngrs (Guernsey) Ltd

Guinness Flight Fd Mngrs—Contd.

Hambros Fd Mgrs (CI) Ltd

Leopold Joseph Fund Mngmt (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Prolific International Mngmt Ltd

Rothschild Asset Management (CI) Ltd

Royal Bank of Canada Funds

Schroder Mngmt Services (Guernsey) Ltd

GUERNSEY (REGULATED)

Arab Bank Fund Managers (Guernsey) Ltd

Dantrust Management Services Ltd

Fleet-Castell Fund Mngrs (Guernsey) Ltd

John Govett Mngmt International Ltd

Henderson Admin. (Guernsey)

Hill Samuel Fd. Mngrs (Guernsey) Ltd

Kleinwort Benson Islamic Fd Mgmt Ltd

Lazard Fund Managers (CI) Ltd

Merrill Lynch Guernsey

NM Financial Mngt Intl Ltd

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	Bid Price	Offer Price	+ or -	Yield Gross
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2,683	2,690	....	-
New Generation Fd $	$19.89	20.10	....	-
Japan Index Alpha	Y7,634	7,748	....	-
Jap Sector Rotation	Y6,673	6,771	....	-
Jap Cap Gwth CB	[illegible]	[illegible]	....	-
Prudential Intl Financial Services Ltd				
Holborn Currency Fund				
Managed Sterling	130.3	130.7	+0.2	10.75
Managed Dollar	$14.33	14.33	....	7.54
Sterling Deposit	100.0	100.0	....	10.37
Dollar Deposit	$10.00	10.00	....	-
DM Deposit	DM50.66	50.85	....	6.17
SWFr Deposit	SFr50.00	50.00	....	-
J Yen Deposit	Y5,055	5,075	....	5.29
Saudi International (Guernsey) Ltd				
Intl Bond	$10.33	10.51	....	-
Intl Dollar	$10.30	10.31	....	-
Intl Equity	$10.54	10.90	....	-
Falcon High Income	$89.37	89.37	....	-
Sovereign Asset Management Limited				
Olympic Options Ltd.	£9.1497	9.4346	....	-
Stonehenge Fund Mngrs Ltd				
Intl Man Fd	$11.47	11.53	+0.12	-
U.S. Treasury Securities Fund Ltd				
Short Term Shares		$745.17	....	-
Fixed Income Shares		$867.98	....	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Mega Growth		$10.29	+0.18	-
Yamaichi ISS Fund		$7.27	+0.16	-
Yamaichi CB Plus Fund		$7.97	+0.16	-
Thai Inv Fund		$9.00	-0.10	-

IRELAND (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (u)						
29 Kildare Street, Dublin 010 353 1760 630						
GAM Universal US Dlr Acc		$-	101.45			-
GAM Universal US Dlr Inc		$-	101.45			-

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey 0534 76029						
Stlg Fixed Int.	5½	£1.115	1.115	1.183	[illegible]	10.14
Offshore High Yield	3½	£1.431	1.431	1.490	[illegible]	14.60
Global Equity Fund	5½	$13.16	13.16	14.07	-0.06	1.11
European Equity	5½	[illegible]	15.77	16.87	-0.14	1.55
UK Growth (£) Fund	5½	£4.053	4.053	4.335	[illegible]	3.75
Nth American Eqty	5½	$8.704	8.704	9.284	[illegible]	0.68
Far Eastern Eqty	5½	$8.666	8.666	9.268	[illegible]	1.52
Intnl. Bond Fund						
Sterling Managed	5½	£9.771	9.771	10.418	[illegible]	8.84
US Dollar Managed	5½	$13.17	13.17	14.06	+0.05	6.61
International Currency Fund						
Sterling Managed ♦	5½	£24.78	24.78	26.22	-0.02	-
US Dollar Managed ♦	5½	$29.01	29.01	30.70	.....	-
Sterling ♦ ‡	0	£23.82	23.82	23.82	+0.01	13.58
US Dollar ♦ ‡	0	$37.21	37.21	37.21	+0.01	7.09
Deutschmark ♦ ‡	0	[illegible]	58.30	58.30	+0.02	7.87
Japanese Yen ♦ ‡	0	Y4,738	4,738	4,738		6.93
Swiss Franc ♦ ‡	0	[illegible]	45.54	45.54	+0.01	7.20
Irish Punts ♦ ‡	0	I£21.58	21.58	21.58	+0.01	7.60
INVESCO MIM International Limited						
PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt (z)	5¼	[illegible]	0.1654	0.1744	[illegible]	9.46
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 27561						
Lloyds Tst. Gilt	2½	£9.063	9.063	9.300	[illegible]	12.04
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 37788						
Intl Circuit Portfolio	6	86.65	86.65	91.92	-0.53	0.00
Gilt	3	89.23	89.23	92.00	+0.51	12.50
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	54.67	54.67	57.10	+0.31	11.36
TSB Trust Funds						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	101.33	101.33	104.37	-1.74	13.30
Gilt & Fixed Interest	5	99.04	99.04	102.01	-2.52	11.63
Blue Chip & Gilt Edged	5	43.64	43.64	46.34	-0.05	6.26
International Bond	5	100.47	100.47	105.49	+0.43	7.92
UK Equity	5	80.80	80.80	87.41	[illegible]	[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Scimitar Worldwide Money Fund Ltd				
Scimitar Worldwide Selection Fd Ltd				
Scrimgeour Kemp-Gee Mngt, Jersey				
TSB Trust Funds (CI)				
Target International				
Tyndall International (Jersey) Ltd				

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Luxembourg SA (u)						
39 Allée Scheffer, L-2520 Lux 010 352 465424-515						
Japan Warrant		$-	3.08	[illegible]	[illegible]	-
Gartmore Pantheon Fund						
Nth Amer Equity		$-	1.84		-0.02	-
British Equity		£-	0.98		-0.01	-
Nordic Equity		SKr-	7.05		-0.04	-
Cont'l European Equity		DM-	14.77		-0.02	-
Japan Equity		Y-	460		-	-
Pacific Equity		Y-	279		-1	-
Developing Mkts		£-	0.96		-	-
Natural Resources		$-	2.06		-	-
W'wide Recovery		$-	1.37		-	-
Intl Equity		$-	1.18		-	-

	Bid Price	Offer Price	+ or -	Yield Gross
Cartexa International (u)				
Cartexa Intnl		$97.18	....	-
Credit Commercial de France				
Euro Smlr Cos Class A	Ecu12.15		....	-
Euro Smlr Cos Class B	Ecu12.15		....	-
CM Actibonds (u)	$38.21		....	-
Euro Prestige Cls A (u)	Ecu8.58		....	-
Euro Prestige Cls B (u)	Ecu10.08		....	-
Credit Suisse				
CS Money Mkt Fd US$	$1579.26	1579.27	....	-
CS Money Mkt Fd DM	[illegible]	[illegible]	....	-
CS Money Mkt Fd £	£1796.30	1796.30	....	-
CS Money Mkt Fd Yen	Y125 715	125 716	....	-

	Bid Price	Offer Price	+ or -	Yield Gross
World Capital Gwth Fd-SICAV (x)				
World Cap Gwth Fd	$11.55	12.17	-0.05	0.82
Inv Adv Warburg Asset Mngt London				
Yamaichi Advanced Technology Fd				
Advanced Tech.	$20.68		....	-
Yamaichi 1992 OMNI Fund SICAV (x)				
NAV	$10.78	10.83	....	-

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Gaia Currency Funds				
Gaia Hedge I	$119.27	118.58	....	-
Gaia Hedge II	$253.77	256.97	....	-
Gaia Hedge III	$77.96	79.81	....	-
Gaia Gtd Crncy	$86.94		....	-
Gartmore Investment Ltd				
Gartmore Fund Managers International Ltd				
Capital Strategy Portfolio				
Income Portfolio	1.00		....	11.96
Growth Portfolio	£1.13		....	3.00
Balanced Portfolio	0.99		-0.01	2.18
Genesis Fund Managers Ltd				
Chile Fund Dec 14	$-	13.46	....	-

	Bid Price	Offer Price	+ or -	Yield Gross
North Star Fund Managers (Cayman) Ltd				
Invest Fund	DKr278.0	279.0	....	-
Low Risk Fund	DKr219.0	220.0	....	-
High Perf. Fund	DKr260.0	261.0	....	-
Bond Fund	DKr164.0	165.0	....	-
Second Low Risk Fd	DKr172.0	173.0	....	-
Second High Perform Fd	DKr202.0	203.0	....	-
Mixed Intl Fd	DM140.0	141.0	....	-
Invest Fd (Cayman)	DKr126.0	127.0	....	-
High Perf Fd (Cayman)	DKr133.0	134.0	....	-
Bond Fd (Cayman)	DKr127.0	128.0	....	-
Mixed Fd (Cayman)	DM112.0	113.0	....	-
High Security Fd	DKr140.0	141.0	....	-
High Income Fd	£11.6	11.7	....	-

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

IRELAND (REGULATED)(**)

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound and yen improve

STERLING and the Japanese yen improved yesterday at the expense of the D-Mark and the dollar. The D-Mark was generally [illegible] suffering from [illegible] concern about the possible impact [illegible] the German economy from [illegible] political instability in [illegible] Union. Interest [illegible] factors helped support [illegible] pound against [illegible] D-Mark, while the dollar had a mixed day.

The dollar weakened on [illegible] French [illegible] report that Iraq had agreed in principle [illegible] pull out [illegible] Kuwait, but then rallied [illegible] report [illegible] denied by Iraq's ambassador in Paris. [illegible] threat [illegible] in the Gulf continued [illegible] underpin [illegible] US currency. [illegible] President [illegible] Bush [illegible] Iraq must attend [illegible] within [illegible] week, [illegible]

A meeting between Mr John Major, the UK prime minister, and King Hussein of Jordan, was followed by comments from [illegible] expressing hopes [illegible] talks between [illegible] Iraq will [illegible] place in Switzerland next week.

Economic [illegible] weigh on [illegible] dollar, but dealers [illegible] currency showed no marked reaction [illegible] Wednesday's cut in US bank prime lending rates. Today's figures [illegible] US employment trends are expected [illegible] provide further evidence [illegible] weak economy, with the unemployment rate rising to 6.0 or 6.1 per [illegible] from [illegible] but [illegible] ber's [illegible] in non-farm payrolls should be lower than the November figure [illegible] 267,000, according to economists.

At the London close the dollar had fallen to Y133.00 from Y134.50 and to FFr5.0700 from FFr5.0725, but had advanced to DM1.4935 from DM1.4900 and to SFr1.2665 from SFr1.2620. On Bank of England figures the dollar's index declined to 60.9 from 61.1.

Sterling continued to be supported by comments about fighting inflation and defending the pound by Mr Norman Lamont, UK chancellor of the exchequer. Dealers [illegible] fading speculation about an early cut in UK bank base rates and the large differential between rates in London and Frankfurt.

News that the German Bundesbank had not tightened its credit policy at yesterday's council meeting [illegible]ted the pound against the D-Mark.

Sterling rose 1 pfennig to DM2.9050. It also advanced to FFr9.8675 from FFr9.8525 and to SFr2.4650 from SFr2.4525, while gaining [illegible] points against the dollar to [illegible]. On the other hand the pound fell [illegible] from Y261.25 against a [illegible] yen. [illegible]ling's index climbed [illegible] to 94.1.

There were [illegible] new [illegible] influence the yen, [illegible] Tokyo markets still closed for the new [illegible] holiday, [illegible] currency was technically strong. The D-Mark fell [illegible] Y89.10 from Y90.25.

The [illegible] currency weakened within the EMS exchange rate mechanism, helping reduce pressure. Sterling remain[illegible] currency in the ERM, but finished only slightly below the French franc.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 3	[illegible] from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.082	-2.66	3.8	46
Belgian Franc	42.4032	42.1895	-0.50	1.56	27
D-Mark	2.05586	2.04574	-0.49	1.54	35
Dutch Guilder	2.31643	2.30713	-0.40	1.45	22
Irish Punt	0.767417	0.768082	0.09	0.96	-2
Italian Lira	1538.24	1540.05	0.12	0.92	-3
Danish Krone	[illegible]	7.87474	[illegible]	0.62	-17
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. [illegible]

£ IN NEW YORK

Jan 3	Latest	Previous Close
£ Spot	1.9460-1.9470	1.9435-1.9445
1 month	1.10-1.08pm	1.10-1.08pm
3 months	3.05-3.02pm	3.04-3.00pm
12 months	9.44-9.34pm	9.45-9.35pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE [illegible] OPTIONS; LIFFE [illegible] STERLING OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

BASE LENDING RATES

[illegible]

MONEY MARKETS

London rates ease

THERE [illegible] a slight [illegible] in London yesterday as sterling improved against the D-Mark and [illegible] members [illegible] the EMS exchange [illegible] mechanism.

Three-month interbank fell [illegible] 14-13⅞ per [illegible] 14⅛-14 and 12-month [illegible] had a softer tone [illegible] 13-12⅞ per [illegible] against 13-12⅞.

Short sterling [illegible] were buoyed by the pound's [illegible]aging performance, recovering [illegible] of Wednesday's sharp [illegible]. [illegible] March contract opened firmer [illegible] and touched [illegible] peak [illegible] before closing at 87.32 compared with 87.21 previously.

UK clearing bank base lending rate
14 per cent
from October 8, 1990

Day-to-day credit was in very short supply on the London [illegible] market, but the situation was somewhat confused, with the Bank of England making several changes to the forecast shortage. This was initially [illegible] at £1,000m, but [illegible] revised up sharp to £1,400m [illegible] noon, before being [illegible] to £1,350m [illegible] the afternoon. [illegible] the final round of daily [illegible]ance the shortage was re[illegible] do[illegible] to around £1,050m.

Total assistance of £1,097m was provided. An early round of help was offered and at that time the authorities bought £253m bills outright, by way of £38m bank bills in band 1 at 13⅞ per cent and £215m bank bills in band 2 at 13¾ per cent.

Before lunch another £170m bills were purchased, via £28m bank bills in band 1 at 13⅞ per cent and £142m bank bills in band 2 at 13¾ per cent. In the afternoon £614m bills were bought, through £109m Treasury bills in band 1 at 13⅞ per cent; £171m bank bills in band 1 at 13⅞ per cent; £152m Treasury bills in band 2 at 13¾ per cent; and £182m bank bills in band 2 at 13¾ per cent. Late assistance of around £60m was also provided.

In Frankfurt call money rose slightly to 8.50 from 8.45 per cent but, as expected, the Bun[illegible]bank council left credit policies unchanged [illegible] yesterday's meeting. The central bank offered liquidity [illegible] the money market via a two-tranche [illegible] and 61-day funds [illegible] variable bid rates.

In Brussels [illegible] Belgian National Bank [illegible] the [illegible] three-month Treasury bills - the main [illegible] of credit policy - [illegible] from 10.05 per cent. Rates [illegible] one and two-month bills were reduced by a similar amount, [illegible] to 9.95 per [illegible] and four-month paper, issued by the Securities Regulation Fund, was [illegible] from 10.05 per cent.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,433 Set by DANTE

ACROSS

1 Chinese problem turns [illegible] be logical (14)
10 Spritely - [illegible] the Spanish [illegible] conclusion (5)
11 Doesn't like [illegible] (6-3)
12 Is [illegible] change st[illegible] but appears indifferent (7)
13 About one thousand differ[illegible] paint drums (7)
14 Brush [illegible] thoroughly (5)
16 Trying time for a beginner (9)
[illegible] Those on it will need [illegible] (5-4)
20 Equip an improvised theatre (3-2)
22 Slip out of gear (7)
25 Places visited on holidays or between holidays (7)
27 It needs pluck to play it in triangular [illegible]
28 Overweight duck with a gathering of bees [illegible]
29 Riots on the news could show [illegible] state that deserves [illegible] (14)

DOWN

2 Bound to go wrong? (3,6)
3 Be fearfully disorganised (5)
4 A pity clue needs changing for trees (9)
5 Six-footer cartoonist (5)
6 He passes out [illegible] back of the pack (5,4)
7 River city [illegible] Arabs (5)
8 Delightful [illegible] any isle could be (7)
9 When to tell all? (6)
15 [illegible] partner (9)
17 [illegible] much at [illegible] stretch? (9)
18 [illegible] victi[illegible] tive practice? [illegible]
[illegible] A drink and a biscuit (7)
21 Went by like the buck (6)
23 There's a number left out in the pottery (5)
24 A highball for a winter sportsman (5)
26 [illegible] dishy running partner [illegible]

Solution to Puzzle No.7,432

STANDARD CREDIT / RIGHTIST ALISON / CONCOURSE THREE / EDGE PROFILE / TRAFFIC MASS / AFTER SOUNDNESS / GALENA ADVOCATE / THEWED PROSPECT

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA | FRANCE (continued) | GERMANY (continued) | ITALY (continued) | SWEDEN | BELGIUM/LUXEMBOURG | NETHERLANDS | SWITZERLAND | DENMARK | NORWAY | FINLAND | ITALY | SPAIN | SOUTH AFRICA | GERMANY | JAPAN | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | MALAYSIA | SINGAPORE

CANADA

TORONTO

2pm prices January 3

Quotations in cents unless marked $

I—No voting rights or restricted voting rights.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

INDICES

NEW YORK

DOW JONES	Jan. 2	Dec. 31	Dec. 28	Dec. 27	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2610.64	2633 66	2629 21	2625.50	2999.75 (16/7/90)	2365.10 (11/10/90)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	91.63	91.57	91.60	91.54	93 04 (3/1/90)	88.44 (24/9/90)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	909.30	910.23	911.54	913 42	1212.77 (6/6/90)	821.93 (17/10/90)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.50	209.70	210 07	210.45	236 23 (2/1/90)	190.96 (24/8/90)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2651 73 (2641 09) Low 2600.99 (2611.14)

STANDARD AND POOR'S	Jan. 2	Dec. 31	Dec. 28	Dec. 27	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	326.45	330.22	328 72	328.29	368.95 (16/7/90)	295.46 (11/10/90)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	383.02	387.42	385.26	384 38	437 37 (16/7/90)	346.86 (11/10/90)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	23.09	23 43	23.36	23 47	31.87 (3/1/90)	18.80 (29/10/90)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	178.62	180.49	179.65	179.48	201.13 (16/7/90)	162.20 (11/10/90)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	306.57	308.11	304.65	303.67	382.45 (5/1/90)	288.07 (30/10/90)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	372.19	373.84	371.20	371 05	469.60 (16/7/90)	325.44 (16/10/90)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec. 28	Dec.21	Dec.14	year ago (approx.)
Dow Industrial Div. Yield	3.92	3.92	3.97	3.87

	Dec. 26	Dec.19	Dec.12	year ago (approx.)
S & P Industrial div yield	3.31	3.32	3.31	2.90
S & P Indl P/E ratio	15.92	15.88	15.89	14.51

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Manfc. Hanover	8,163,400	21⅛	+ ⅛
Philip Morris	1,814,800	50⅜	- ¼
Wal-Mart Stores	1,671,300	30	- ¼
Pepsico	1,510,600	25¼	- ¼
Johnson & Jns	1,325,800	70	- 1¼
Student Ln	1,276,200	47¼	+ 1½
Schering Plough	1,271,500	43¼	- 1¼
Waste Man	1,256,400	35¼	+ ¼
Toys R US	1,185,200	23¼	+ ⅝
Gen Electric	1,181,400	56½	- ⅝

TRADING ACTIVITY

† Volume Millions	Jan. 2	Dec. 31	Dec. 28
New York	126.280	114.130	111.040
Amex	8.384	15.130	12.276
NASDAQ	92.022	128.874	132.328
Issues Traded	2,002	2,032	2,017
Rises	712	1,023	706
Falls	869	571	788
Unchanged	421	438	523
New Highs	31	22	22
New Lows	13	42	52

CANADA

TORONTO	Jan 2	Dec. 31	Dec. 28	Dec. 27	1990-91 HIGH	1990-91 LOW
Metals & Minerals	2742.67	2739.70	2727.00	2742.94	3453.05 (4/1/90)	2486 60 (8/11/90)
Composite	3239 36	3256 75	3237 46	3233 69	4009.47 (3/1/90)	3009.91(16/10/90)
MONTREAL Portfolio	1718 28	1726.13	1712 79	1713.97	2060 90 (3/1/90)	1607.24(16/10/90)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 3	Jan. 2	Dec. 31	Dec. 28	1990-91 HIGH	1990-91 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1273.6	1285.8	(c)	1279.8	1713.7 (12/1/90)	1270.7 (24/12/90)
All Mining (1/1/80)	584.3	590.4	(c)	584.0	860.8 (5/1/90)	578.5 (19/12/90)
AUSTRIA						
Credit Aktien (30/12/84)	426.40	424.61	(c)	440.06	703.29 (19/3/90)	400.98 (25/9/90)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	4920.48	4913.94	(c)	4963.81	6599.43 (12/1/90)	4913.94 (2/1/91)
DENMARK						
Copenhagen SE (3/1/83)	(u)	305.06	(c)	314.80	398.29 (20/7/90)	305.06 (2/1/91)
FINLAND						
Unitas General (1975)	378.0	387.9	(c)	395.6	677.3 (23/1/90)	378.0 (3/1/91)
FRANCE						
CAC General (31/12/82)	406.84	408.99	(c)	413.04	564.62 (30/5/90)	406.84 (3/1/91)
CAC 40 (31/12/87)	1539.50	1505.10	(c)	1517.93	2129.32 (20/4/90)	1485.39 (25/9/90)
GERMANY						
FAZ Aktien (31/12/58)	594.83	591.18	(c)	603.06	832.32 (19/7/90)	569.69 (28/9/90)
Commerzbank (1/12/53)	1680.0	1668.9	(c)	1701.2	2414.0 (3/4/90)	1628.7 (28/9/90)
DAX (30/12/87)	1366.65	1366.10	(c)	1398.23	1968.55 (30/3/90)	1334.89 (28/9/90)
HONG KONG						
Hang Seng Bank (31/7/64)	3004.88	3031.34	3024.55	3053 73	3559.89 (23/7/90)	2738.24 (1/2/90)
IRELAND						
ISEQ Overall (4/1/88)	1159.97	1181.66	1201.77	1195.47	1893.10 (22/1/90)	1159.97 (3/1/91)
ITALY						
Banca Com. Ital. (1972)	514.09	514.70	516.57	519.42	763.52 (14/6/90)	500.67 (29/11/90)
JAPAN						
Nikkei (16/5/49)	(c)	(c)	(c)	23848.71	38712.88 (4/1/90)	20221.86 (1/10/90)
Tokyo SE (Topix) (4/1/68)	(c)	(c)	(c)	1733.83	2867.70 (4/1/90)	1523.43 (1/10/90)
2nd Section (4/1/68)	(c)	(c)	(c)	2711.15	4477.16 (16/7/90)	2711.15 (28/12/90)
MALAYSIA						
KLSE Composite (4/4/86)	497.99	501.23	505.92	500.88	632.22 (1/8/90)	459.08 (28/9/90)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	229.3	229.3	(c)	229.6	271.9 (20/7/90)	225.6 (8/11/90)
CBS All Shr (End 1983)	168.1	168.1	(c)	168.3	206.3 (3/1/90)	165.6 (8/11/90)
NORWAY						
Oslo SE (Ind) (2/1/83)	652.46	674.25	(c)	677.01	915.13 (2/8/90)	649.23 (21/12/90)
PHILIPPINES						
Manila Comp (2/1/85)	595.47	628.89	(c)	651.78	1160.70 (21/3/90)	514.80 (5/10/90)
SINGAPORE						
SES All-Singapore (2/4/75)	323.02	321.20	(c)	323.28	446.87 (16/7/90)	301.45 (11/10/90)
SOUTH AFRICA						
JSE Gold (28/9/78)	1239.08	1265.0	(c)	1201.0	2230.0 (16/1/90)	1111.0 (18/12/90)
JSE Industrial (28/9/78)	2986.08	3007.0	(c)	3018.0	3211.0 (6/2/90)	2640.0 (1/10/90)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	696.11	(c)	(c)	(c)	928.82 (4/1/90)	566.27 (17/9/90)
SPAIN						
Madrid SE (30/12/85)	221.46	220.39	(c)	223.25	309.74 (16/7/90)	209.37 (28/9/90)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	837.30	836.60	(c)	870.00	1329.9 (5/7/90)	815.6 (27/11/90)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	(c)	(c)	628.5	845.5 (13/7/90)	613.4 (28/9/90)
SBC General (1/4/87)	(u)	(c)	(c)	520.1	698.2 (13/7/90)	510.4 (26/11/90)
TAIWAN**						
Weighted Price (30/6/66)	4258 93	(c)	(c)	(c)	12495.34 (10/2/90)	2560.47 (1/10/90)
THAILAND						
Bangkok SET (30/4/75)	586.92	594.95	(c)	612.86	1143 78 (25/7/90)	544.30 (30/11/90)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	461.4*	461.5	461.5	461.8	571.0 (4/1/90)	423.1 (28/9/90)

**Saturday December 29: Taiwan Weighted Price: (c) Korea Comp Ex. (c)
*Calculated at 15.00 GMT.
‡ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

December 1990

هكرامن الأصل

3pm prices January 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
38⅞	8⅛	AAR	.48	4.3	9	239	11¼	11	11⅛	+ ⅛
9⅞	7⅞	ACM n1.03e		12.		236	9	8⅞	8⅞	- ⅛
11⅛	8⅞	ACMIn	1.26	12.		838	10¼	10⅛	10⅛	
9¼	6½	ACM M n1.01		13.		264	7⅞	7¼	7⅞	
12⅛	10	ACMMM	1.50	13.		180	12	11⅞	11⅞	
11½	8⅝	ACM Sc1.26		12.		453	10⅛	10	10⅛	+ ⅛
9⅛	7¼	ACMSp	1.01	12.		364	8⅝	8½	8⅝	+ ⅛
25¼	17	AL Lab	.16	.7	20	246	25¼	24½	24½	- ⅞
4⅛	1	AM Intl				122	1⅛	1¼	1⅛	
18⅞	4⅝	AM In pf	2	28.		30	7⅝	7⅝	7⅝	+ ⅛
70¼	39¼	AMR			14	2616	48⅛	47½	47⅞	+ ⅛
24⅝	22¼	ANR pf	2.12	9.4		1	22⅝	22⅝	22⅝	
72¼	38¼	ASA	3	6.7		494	45⅞	44⅝	45	- ½
3½	1⅞	ATTC wi				175	2½	2⅞	2⅛	
46⅛	31¼	AbtLab	s.84	2.0	20	7108	43⅞	42	42	- 1⅛
11⅝	4½	AcmeC	.40	8.0	11	22	5⅛	5	5	+ ⅛
9⅞	5	AcmeE	.32	6.2	9	5	5⅛	5⅛	5⅛	
32¼	18⅞	Acuson s			19	4945	25½	24	24½	- 1⅛
16⅞	14⅛	AdaEx	1.72e	12.		64	14⅞	14⅛	14⅞	
14⅞	8⅝	Adobe				70	9	8⅞	9	+ ⅛
11⅞	3⅝	AMD				2876	5¼	5	5⅛	+ ⅛
32¼	13	AMD pf	3	16.		84	19⅛	19	19	+ ⅛
7⅞	1⅝	Advest	.16	5.5		89	2⅞	2⅞	2⅞	- ⅛
58⅞	39	AetnL	2.76	7.5	9	1058	37⅝	37	37	- ⅞
12⅛	6¼	AfilPb	.24	3.0		83	8¼	8	8⅛	- ⅛
22½	10⅞	Ahmans	.88	6.6	5	3425	13½	13¼	13⅜	+ ⅛
3⅝	1⅞	Aileen			6	5	3⅝	3⅝	3⅝	
61	42⅞	AirPrd	1.44	2.7	13	400	54½	54	54	- ⅛
27	13½	AirFrt	s.30	1.7	9	239	18	17¾	17⅞	+ ⅛
23¼	11¼	Airgas			17	51	13½	13¼	13⅜	+ ⅛
20⅛	11⅞	Airlease	2.52	22.	5	108	11¼	d11	11⅛	- ⅛
10⅛	9	AlaP	dpf.87	8.9		52	9¾	9⅝	9⅝	+ ⅛
97¼	90	AlaP pf	9	9.4		z100	96	96	96	+ ½

Continued on Page 31

NYSE COMPOSITE PRICES

Continued from previous Page

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full

AMEX COMPOSITE PRICES

3pm prices January 3

NASDAQ NATIONAL MARKET

3pm prices January 3

TRANSFORMATION IN EASTERN EUROPE

The FT proposes to publish this survey on **February 4 1991.**

It will be of particular interest to the 54% of the Chief Executives in Europes leading companies who are regular FT readers. If you want to reach this important audience, call Henry Krzymuski on 071 873 3699 or fax 071 873 3079.

FT SURVEYS

هكرامن الأهل

FINANCIAL TIMES Friday January 4 1991

AMERICA

Falling crude oil prices fail again to lift Dow

Wall Street

CONCERN about the economy and fear of war in the Gulf prompted another sell-off yesterday morning, with traders seeing little to cheer about in the new year, *writes Karen Zagor in New York.*

At 1.30pm, the Dow Jones Industrial Average was 19.80 lower at 2,590.84. The fall was broadly based, with declining issues outpacing those advancing by ratio of nine to five. All of the major stock market indices were lower at 1 pm, including the Standard & Poor's 500, off 2.12 at 324.33 and the New York Stock Exchange Composite, off 1.06 at 177.56. On Wednesday, the Dow closed at 2,610.64, down 23.02.

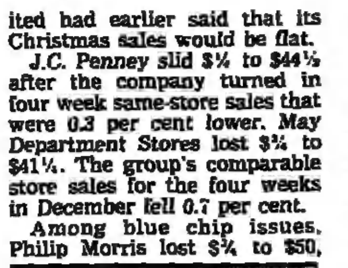
The deterioration in stock prices came in spite of a second day of falling crude oil prices. The stock market has been extremely sensitive to oil price movements since August, when Iraqi troops moved into Kuwait. But yesterday, a $1.11 decline in February crude oil to $25.36 a barrel had no impact on US stocks.

News that Christmas had been no worse than expected for retailers prompted trading in a number of retail stocks. The Limited was the most active issue of the morning, adding $⅝ to $19 after the company reported a 4 per cent improvement in same store sales for December. The Limited had earlier said that its Christmas sales would be flat.

J.C. Penney slid $¼ to $44½ after the company turned in four week same-store sales that were 0.3 per cent lower. May Department Stores lost $¾ to $41¼. The group's comparable store sales for the four weeks in December fell 0.7 per cent.

Among blue chip issues, Philip Morris lost $¾ to $50, IBM gained $⅛ to $113 and American Telephone & Telegraph rose $⅛ to $29⅞.

NYSE volume



Secondary issues mirrored listed issues yesterday morning. At midsession, the NASDAQ composite was down 2.78 to 369.41.

Healthdyne plunged $2⅝ to $6 after the Food and Drug Administration denied the company's request to market a uterine device to monitor the progress of labour.

Oracle Systems dropped $¾ to $7¼. Late on Wednesday the company reported second quarter net income of 5 cents a share, down from 14 cents a year earlier. The company turned in a loss in the first quarter.

Calgon Carbon fell $2 to $39¼ after an analyst at Shearson Lehman Brothers downgraded his rating on the stock to "neutral".

Profit-taking hit A&W Brands shares, which slipped $2¼ to $32¼. Analysts attributed the decline to a 46 per cent price run-up in the stock in the last two months.

Canada

OPTIMISM about prospects in the Middle East lifted Toronto stocks from their opening lows by midsession yesterday. But a gloomy economic outlook, an extended new year holiday by many brokers and high interest rates kept trading slow.

The composite index lost 4.1 to 3,235.3. Declines and advances were matched at 153 each, on scant volume of 6.5m shares.

Also aiding the recovery was a prime rate cut by the Bank of Montreal to 12.5 per cent from 12.75 per cent.

Many investors, however, were switching from equities to treasury bills and other interest-sensitive vehicles before rates fell further, traders said.

Venezuela eclipses rest of world in 1990

Joe Mann on the reasons behind an astonishing year for the Caracas exchange

THE CARACAS Stock Exchange astonished investors and analysts in 1990 by showing the largest gains, even in dollar terms, of any of the world's markets.

As Venezuela's oil-driven economy began to pull out of a severe recession last year, the index of this small exchange, known as the Bolsa de Valores de Caracas, soared by 551 per cent, climbing from 2,719.77 in early January 1990 to a high of 17,701.80 on December 28.

In dollar terms, the market rose 521 per cent, according to the index from the International Finance Corporation, part of the World Bank, which calculated a 608 per cent gain in its local currency index.

Trading of stocks and bonds on the exchange rose spectacularly in 1990, with turnover for the first 11 months of the year growing by more than 1,700 per cent from the 1989 total, and the number of transactions rising by 223 per cent, according to brokers' estimates.

The exchange also opened up to foreign participants, with Citicorp taking a seat, and activity increased in mutual funds and other recently introduced instruments. Private companies launched a variety of new issues and the government sold large volumes of zero-coupon bonds to manage liquidity and to control the bolivar/dollar relationship.

The Venezuelan bolivar, which has suffered several sharp devaluations since 1983, stood at 50.58 bolivars per US dollar at the end of 1990, down 17.7 per cent from a year earlier. Inflation in Venezuela reached more than 32 per cent last year, but support from the central bank limited the bolivar's fall against the dollar.

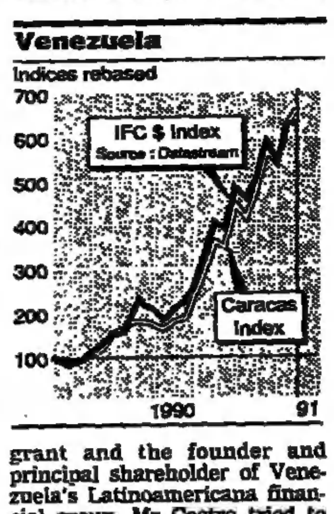
On the Caracas Stock Exchange, the activity, stirred up by domestic and international interest, hardly slowed down even over Christmas.

There are several reasons for this excitement. At the beginning of last year, the shares of many Venezuelan companies were undervalued, owing to a significant devaluation of the bolivar the year before. But even after price/earnings ratios became less attractive, the bolsa still offered much better yields than other investments, such as real estate, certificates of deposit or dollar speculation.

A significant element in the Caracas run-up has been a number of takeover bids and the speculative waves that these have created. The prime takeover attempt was by Mr Orlando Castro, a Cuban immigrant and the founder and principal shareholder of Venezuela's Latinoamericana financial group. Mr Castro tried to win a seat on the board of Banco de Venezuela, one of the country's largest commercial banks and a symbolic stronghold of Caracas's old money.

Venezuela

Indices rebased



In the process of acquiring more than 20 per cent of the bank's shares, Mr Castro helped drive the market price from 172 bolivars ($4) a share on November 30, 1989, to 1,300 bolivars ($26) a share at the end of September 1990. Even though the Banco de Venezuela battle is apparently over – Mr Castro did not obtain a seat on the board, but is said to be selling most of his shares in the institution for a profit of about $60m – the stock has continued to rise, finishing the year at 1,980 bolivars ($39.60).

Caracas and its sister exchange in Maracaibo remain small by world standards. Total trading in shares is currently just over $25m a day in Caracas. The exchange lists about 100 issues, of which less than a dozen account for the bulk of activity. Most of Venezuela's private sector is closely held by family groups, and the government's plan to privatise state-held companies and banks has had a very slow start.

Moreover, the surge in share prices does not reflect a robust, inflation-free economy nor a highly profitable and secure private sector. Venezuela's economy grew only slightly last year, after an 8.3 per cent contraction in 1989.

Many private companies in Venezuela are still struggling to adjust to free-market policies implemented in 1989. Their problems include competition from imports and the need to repay foreign debts.

Nevertheless, prospects for Venezuela are good, especially now that the government has restructured its foreign debt and stands to receive additional revenues from oil exports, thanks to the current Middle East crisis. The outlook is for strong economic growth in 1991, although this could perhaps involve another bout of price increases.

It will take time for confidence to recover completely. Venezuelan governments in the past have squandered the petroleum wealth and pushed the economy into crisis. Businessmen today remain unconvinced that the current administration, headed by President Carlos Andres Perez, will maintain its commitment to unpopular free-market reforms.

SOUTH AFRICA

GOLD SHARES fell back after the previous day's gains, as the bullion price retreated. The Johannesburg all-gold index lost 26 to 1,239, after gaining 64 points on Thursday. Industrial stocks continued to weaken.

EUROPE

Gulf reports give bourses a late boost

AN UPWARD blip in the FT-SE Eurotrack 100 index yesterday took it to a mid-afternoon peak of 939.40, up 8.30, before it tailed off to finish 6.37 higher at 937.48. The rise was helped by speculation based on French newspaper reports that Iraq had agreed in principle to pull out of Kuwait, *writes Our Markets Staff.*

PARIS was encouraged by the Gulf speculation, which lifted the CAC 40 index 34.40 or 2.3 per cent to 1,539.50 by the close. The index had slipped to 1,500.54 earlier in the day. Turnover, however, was light.

Among the active stocks, Elf Aquitaine added FFr7 to FFr285.50, and Suez, which is expected to benefit in the long term from the recent reduction in its stake in Société Générale de Belgique, gained FFr5.40 to FFr278.20. Alcatel-Alsthom, formerly known as CGE, rose FFr7 to FFr540; its joint venture, GEC Alsthom, said that it had signed a FFr670m contract to supply equipment to the Caracas underground railway.

Société Central d'Investissement ended FFr105 higher at FFr3,805 with 2,360 shares traded, after falling to FFr3,555 and being temporarily suspended when a large sell order failed to find a buyer. Ferruzzi Finanziaria bought a stake in the holding company on Wednesday, when about 216,000 shares were exchanged.

MILAN recovered from its lows in modest trading as Generali gained ground after its official close. The Comit index eased 0.61 to 514.09.

Generali surged to L29,150 after officially closing at L28,800, up L295. Dealers attributed the rise to the execution of a foreign order in a thin market.

Fiat, which denied a report in an Italian newspaper which said it was considering another stock buy-back plan, fell L65 to L5,250 at the official close, but rebounded to L6,380 later.

FRANKFURT languished in a mood of cautious inactivity, the DAX index ending just 0.55 higher at 1,366.65 after a 3.65 rise to 594.83 in the FAZ at midsession. Volume rose from DM2.2bn to DM2.4bn.

Among the blue chips, banks, motors and chemicals were flat. BASF rose DM1.40 to DM198 but, said Ms Barbara Altmann of B Metzler in Frankfurt, this was after a fall of DM10.40 on Wednesday when certain employee shareholdings could be sold for the first time.

Elsewhere, said Ms Altmann, very small orders were influencing the market; Linotype was one of the few big movers with a DM30 gain to DM577.

AMSTERDAM was boosted by isolated foreign buying of defensive stocks, but volume remained thin. The CBS Tendency index rose 0.7 to 79.5.

Heineken, the brewer, rose Fl 1.60 to Fl 137.30 while Unilever gained 10 cents to Fl 152. Nationale Nederlanden, the insurer, added Fl 1 to Fl 49.30. The prospectus on the merger with NMB Postbank is due in the next couple of weeks.

OSLO dropped 3.8 per cent, the all-share index losing 17.27 to 433.85. The previous day's fall had been restrained, as investors tried to lift the market; they have been allowed to average December 28 and January 2 prices for year-end purposes, said Mr David Longmuir of James Capel.

With the need for window-dressing removed, some big blocks were traded yesterday and prices suffered accordingly. Den Norske Bank fell NKr7 to NKr94 in 93,000 shares, and Bergesen A by NKr9.50 to NKr103 in 55,000.

STOCKHOLM finished mixed in mediocre trading after a shaky start. The Affärsvärlden General index rose 1.7 to 837.3.

ZURICH reflected its depression in a 5.1 fall to 459.0 in the Crédit Suisse index.

ISTANBUL rebounded after the previous day's 4.2 per cent fall. The index gained 115.00 or 3.7 per cent to 3,230.44.

ASIA PACIFIC

Overseas influence prompts further falls

GULF FEARS, Tokyo's closure and the overnight decline on Wall Street prompted further falls in a number of Pacific Rim markets yesterday.

TAIWAN tumbled on its first trading day of 1991. The weighted index ended down 271.23, or 5.9 per cent, at 4,258.93, after recovering a little from an intraday low of 4,244.23. Volume shrank to T$39.2bn from the T$50.9bn of December 27. Banks registered the steepest declines, the sector index losing 6.7 per cent.

MANILA sagged for a second successive session as traders sold short on growing fears of an imminent war in the Middle East. The composite index fell 33.42, or 5.3 per cent, to 595.47.

JAKARTA shed 2.2 per cent on the first day of trading this year, the official index closing off 9.25 at 408.53. Turnover slumped to 1.23m shares from the 5.15m of December 28.

AUSTRALIA retreated in the wake of the weaker Wall Street trend overnight, although gold issues held firm. The All Ordinaries index slipped 12.8 to 1,273.0 but the gold marker rose 7.2 to 1,191.5 in spite of easier bullion prices. Turnover picked up to A$113m (A$89m).

BHP dropped 14 cents to A$9.96 and Goodman Fielder Wattie shed 7 cents to A$1.35. Gold miner Placer Pacific followed Wednesday's 14-cent advance with a 2-cent improvement to A$3.18; most other gold shares were steady.

NEW ZEALAND started the new year steadily. The Barclays index moved in a tight range before closing 2.80 firmer at 1,205.66. Turnover was quiet at NZ$6.9m, after the NZ$10.4m of the last trading session of 1990.

SINGAPORE was broadly higher on selective buying and professional short-covering. The Straits Times Industrial index put on 11.46 to 1,164.94, mainly on double-digit gains by component stocks NatSteel, Metro, SIA and Singapore Press Holdings. Turnover expanded to S$46m (S$30m).

NatSteel surged 40 cents to S$7.80, with 250,000 shares traded, in reaction to its recent hefty fall and on hopes that the company would benefit from Malaysia's lifting of an eight-year ban on steel imports for the next three months.

SEOUL lost ground in a quiet, shortened session as about 70 per cent of companies making up the composite index went ex-dividend. Pessimism about the pace of economic growth in the new year also weighed on prices. The government expects economic growth to slow to 7 per cent in 1991 from last year's 11 per cent.

The composite index fell 16.36 to 679.75 in volume of Won105.6bn, after the previous session's Won293.6bn.

HONG KONG weakened in thin trading following Wall Street's overnight slide and on mounting Gulf jitters. The Hang Seng index lost 26.46 to 3,004.88, its lowest close in a month, after rallying from a 41-point drop registered in the early afternoon. Turnover was still extremely thin but rose to HK$333m from HK$241m.

Jardine Matheson featured with a drop of 80 cents to HK$27.50 amid rumours that its shares were about to be suspended.

BANGKOK was broadly lower in thin trade. The SET index shed 8.03 to 586.92 in low volume of 555m baht.

FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of the national and regional markets of the FT-Actuaries World Indices as at DECEMBER 31, 1990 are expressed below in millions of US dollars and as a percentage of the World Index. Similar figures are provided for the preceding quarter.
The percentage change for each Dollar index value over the 1990 calendar year is also provided.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	Market capitalisation as at DECEMBER 31, 1990 (US$m)	% of World Index	Market capitalisation as at SEPTEMBER 28 1990 (US$m)	% of World Index	% change in $ index since DECEMBER 31, 1989
Australia (75)	78293.5	1.26	90354.6	1.60	−22.02
Austria (19)	10687.2	0.17	9768.7	0.17	+7.93
Belgium (60)	44284.3	0.71	43426.0	0.77	−14.51
Canada (120)	138750.6	2.24	134802.5	2.38	−14.55
Denmark (33)	24470.9	0.39	24698.9	0.44	−3.96
Finland (25)	2265.5	0.04	2633.7	0.05	−22.63
France (122)	195887.8	3.16	183185.1	3.24	−15.56
Germany (91)	259890.7	4.19	234146.1	4.14	−9.55
Hong Kong (48)	54558.7	0.88	50456.3	0.89	+3.99
Ireland (16)	8138.6	0.13	7803.1	0.14	−18.22
Italy (91)	89918.6	1.45	95948.5	1.70	−20.44
Japan (453)	2027841.6	32.67	1759088.6	31.09	−36.80
Malaysia (34)	7371.1	0.12	6240.1	0.11	−7.38
Mexico (12)	11424.3	0.18	9509.3	0.17	+79.57
Netherland (41)	101465.4	1.63	96669.6	1.71	−6.89
New Zealand (15)	6513.5	0.10	8301.3	0.15	−39.79
Norway (27)	7854.0	0.13	8497.6	0.15	+2.21
Singapore (25)	13275.2	0.21	12398.4	0.22	−10.13
South Africa (60)	53176.1	0.86	48220.9	0.85	−6.94
Spain (41)	63625.5	1.03	57585.4	1.02	−13.96
Sweden (27)	23186.1	0.37	23591.5	0.42	−16.98
Switzerland (68)	89647.5	1.45	88576.2	1.57	−5.46
United Kingdom (297)	707589.8	11.40	634307.1	11.21	+4.39
USA (533)	2186562.8	35.23	2028496.1	35.85	−6.81
Europe (958)	1629091.9	26.25	1510637.6	26.70	−5.52
Nordic (112)	57756.4	0.93	59421.9	1.05	−10.49
Pacific Basin (650)	2187853.6	35.25	1926841.4	34.05	−35.55
Euro – Pacific (1608)	3816945.4	61.50	3437679.1	60.75	−25.46
North America (653)	2325313.3	37.46	2163398.6	38.23	−7.30
Europe Ex. UK (661)	921502.1	14.85	876530.5	15.49	−11.89
Pacific Ex. Japan (197)	160012.0	2.58	167752.8	2.96	−14.16
World Ex. US (1800)	4020296.4	64.77	3630311.8	64.15	−24.80
World Ex. UK (2036)	5499269.4	88.60	5024500.8	88.79	−21.54
World Ex. So. Af. (2273)	6153683.1	99.14	5610587.0	99.15	−19.35
World Ex. Japan (1880)	4179017.6	67.33	3899719.3	68.91	−6.81
The World Index (2333)	6206859.2	100.00	5658807.9	100.00	−19.25

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 2 1991								MONDAY DECEMBER 31 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	118.98	+0.8	90.81	101.15	92.17	102.20	+0.4	7.79	118.05	90.69	101.22	91.76	101.80	158.31	117.52	151.42
Austria (19)	191.41	−2.7	146.09	162.74	148.28	148.27	−3.1	1.84	196.64	151.06	168.62	152.84	152.97	285.63	178.57	193.15
Belgium (60)	132.47	+0.2	101.11	112.62	102.62	100.62	−0.3	5.70	132.22	101.57	113.37	102.77	100.92	160.02	126.67	154.78
Canada (116)	129.64	−0.3	98.95	110.22	100.42	108.66	−0.6	3.69	130.03	99.89	111.49	101.06	109.27	153.61	121.24	153.46
Denmark (32)	230.13	−1.1	175.64	195.66	178.27	180.05	−1.5	1.67	232.63	178.71	199.48	180.81	182.80	277.82	224.71	237.50
Finland (23)	102.10	−1.0	77.93	88.81	79.10	77.37	−1.4	3.97	103.14	79.23	88.44	80.16	78.46	152.29	98.91	131.29
France (114)	130.77	−0.7	99.81	111.17	101.29	104.05	−1.0	3.95	131.75	101.21	112.97	102.40	105.14	158.85	124.96	154.04
Germany (88)	110.20	−1.5	84.11	93.70	85.36	85.36	−1.9	2.67	111.90	85.96	95.97	86.98	86.98	144.83	101.38	123.16
Hong Kong (48)	122.29	+0.4	93.34	103.97	94.74	122.98	+0.3	5.47	121.81	93.57	104.44	94.68	121.97	147.49	112.24	117.28
Ireland (16)	147.96	−0.3	112.93	125.79	114.61	116.86	−0.7	4.43	148.46	114.05	127.30	115.39	117.89	198.57	139.04	182.58
Italy (93)	78.32	+0.0	59.78	66.58	60.67	65.63	−0.5	3.92	78.31	60.16	67.14	60.88	65.97	109.26	75.73	97.32
Japan (453)	125.83	+0.9	96.04	106.98	97.49	106.98	+0.0	0.80	124.77	95.84	106.98	96.99	106.98	197.28	106.58	194.16
Malaysia (34)	209.17	−1.4	159.64	177.83	162.03	218.11	−1.2	3.09	212.14	162.98	181.89	164.88	220.67	250.89	182.96	232.05
Mexico (12)	585.15	+0.1	446.60	497.49	453.28	1885.99	+0.0	0.36	584.45	448.97	501.15	454.26	1885.99	613.96	324.53	237.90
Netherland (41)	134.43	+0.3	102.60	114.29	104.14	103.17	+0.0	5.21	133.97	102.92	114.86	104.13	103.12	149.03	127.56	143.40
New Zealand (15)	43.78	+0.9	33.42	37.23	33.93	39.21	+0.0	8.62	43.41	33.34	37.22	33.74	39.21	75.36	42.62	72.09
Norway (30)	204.77	+0.2	156.29	174.10	158.63	162.87	−0.1	1.87	204.27	156.92	175.15	158.77	163.03	276.79	193.70	202.34
Singapore (25)	158.16	−0.7	120.73	134.49	122.53	127.02	−0.5	3.30	159.27	122.35	136.57	123.79	127.60	209.24	147.24	179.70
South Africa (60)	186.33	+1.9	142.21	158.41	144.34	137.80	+1.0	3.96	182.89	140.49	156.82	142.15	136.21	251.39	151.50	195.99
Spain (41)	138.01	−1.6	105.33	117.34	106.91	99.56	−2.0	5.61	140.32	107.79	120.32	109.06	101.57	182.25	128.54	162.89
Sweden (27)	156.04	−2.1	119.10	132.87	120.88	129.65	−2.4	3.15	159.45	122.49	136.72	123.93	132.77	234.93	153.11	189.79
Switzerland (65)	89.85	+1.0	68.57	76.39	69.61	70.30	+0.0	2.98	88.93	68.32	76.26	69.13	70.30	109.77	85.00	92.33
United Kingdom (297)	165.50	−0.1	126.32	140.70	128.19	126.32	−0.7	5.53	165.67	127.27	142.04	128.76	127.27	176.18	139.87	159.44
USA (527)	131.85	−1.1	100.63	112.10	102.14	131.85	−1.1	3.78	133.31	102.41	114.31	103.62	133.31	148.95	119.06	145.40
Europe (946)	133.96	−0.4	102.24	113.89	103.78	103.40	−0.9	4.50	134.53	103.34	115.35	104.57	104.37	157.65	124.91	142.01
Nordic (112)	165.50	−1.3	126.32	140.71	128.21	128.10	−1.6	2.37	167.71	128.83	143.80	130.35	130.24	223.29	162.50	185.01
Pacific Basin (660)	125.14	+0.8	95.51	106.40	96.94	107.01	+0.0	1.21	124.12	95.35	106.43	96.47	106.99	192.75	107.82	189.52
Euro – Pacific (1596)	129.07	+0.3	98.51	109.73	99.98	106.24	−0.4	2.51	128.70	98.87	110.35	100.03	106.66	174.18	118.03	170.74
North America (643)	131.62	−1.0	100.46	111.92	101.98	130.33	−1.1	3.77	133.02	102.18	114.07	103.40	131.72	148.43	119.26	145.78
Europe Ex. UK (649)	114.74	−0.7	87.57	97.57	88.90	89.99	−1.1	3.72	115.51	88.73	99.06	89.80	90.98	145.62	109.94	130.11
Pacific Ex. Japan (197)	116.33	+0.4	88.79	98.92	90.12	103.81	+0.2	6.45	115.83	88.98	99.33	90.04	103.58	146.72	115.76	135.23
World Ex. US (1784)	129.92	+0.3	99.16	110.46	100.64	107.08	−0.4	2.65	129.54	99.51	111.08	100.69	107.49	173.77	117.12	170.48
World Ex. UK (2014)	126.05	−0.2	96.20	107.17	97.66	113.61	−0.6	2.73	126.31	97.03	108.31	98.18	114.31	162.00	115.37	160.56
World Ex. So. Af. (2251)	129.21	−0.2	98.62	109.86	100.10	114.70	−0.6	3.04	129.48	99.47	111.04	100.65	115.44	161.84	118.04	160.21
World Ex. Japan (1858)	132.76	−0.7	101.33	112.89	102.86	119.00	−0.9	4.16	133.71	102.71	114.66	103.94	120.12	151.59	124.31	144.63
The World Index (2311)	129.55	−0.2	98.88	110.15	100.36	114.86	−0.6	3.05	129.80	99.71	111.31	100.90	115.59	162.05	118.33	160.43

Markets closed January 2: Japan, New Zealand and Switzerland. Latest prices were unavailable for this edition.
Constituent changes 4/1/91: Addition: Repola Free. Deletions: Rauma-Repola Free and Utd. Paper Mills Pref. (all Finland).